THIS COMPOSITE DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect about this Composite Document, the Offer or as to the action to be taken, you should consult a licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **Hopewell Highway Infrastructure Limited**, you should at once hand this Composite Document and the accompanying Form of Acceptance and Transfer to the purchaser(s) or the transferee(s) or to the bank, licensed securities dealer or registered institution in securities, or other agent through whom the sale or transfer was effected for onward transmission to the purchaser(s) or the transferee(s).

This Composite Document should be read in conjunction with the accompanying Form of Acceptance and Transfer, the contents of which form part of the terms and conditions of the Offer.

Shenzhen Investment International Capital Holdings Infrastructure Co., Ltd
深圳投控國際資本控股基建有限公司
(incorporated in the British Virgin Islands with limited liability)

Hopewell Highway Infrastructure Limited
合和公路基建有限公司
(incorporated in the Cayman Islands with limited liability)
(Stock Codes: 737 (HKD counter) and 80737 (RMB counter))

COMPOSITE OFFER AND RESPONSE DOCUMENT IN RELATION TO UNCONDITIONAL MANDATORY CASH OFFER BY CLSA LIMITED FOR AND ON BEHALF OF SHENZHEN INVESTMENT INTERNATIONAL CAPITAL HOLDINGS INFRASTRUCTURE CO., LTD TO ACQUIRE ALL THE ISSUED SHARES OF HOPEWELL HIGHWAY INFRASTRUCTURE LIMITED (OTHER THAN THOSE ALREADY OWNED AND/OR AGREED TO BE ACQUIRED BY SHENZHEN INVESTMENT INTERNATIONAL CAPITAL HOLDINGS INFRASTRUCTURE CO., LTD AND/OR PARTIES ACTING IN CONCERT WITH IT)

Financial adviser to Shenzhen Investment International Capital Holdings Infrastructure Co., Ltd

CLSA

Independent Financial Adviser to the Independent Board Committee

SOMERLEY CAPITAL LIMITED

A letter from CLSA Limited containing, among other things, principal terms of the Offer is set out on pages 7 to 18 of this Composite Document. A letter from the Board is set out on pages 19 to 23 of this Composite Document.

A letter from the Independent Board Committee to the Independent Shareholders containing its recommendation in respect of the Offer is set out on pages 24 and 25 of this Composite Document. A letter from the Independent Financial Adviser containing its recommendation to the Independent Board Committee in respect of the Offer and the principal factors considered by it in arriving at its recommendation is set out on pages 26 to 51 of this Composite Document.

The procedures for acceptance and other related information in respect of the Offer are set out in Appendix I to this Composite Document and the accompanying Form of Acceptance and Transfer. Form of Acceptance and Transfer should be received by the Registrar as soon as possible and in any event not later than 4:00 p.m. on 2 May 2018 (or such later time and/or date as the Offeror may determine and the Offeror and the Company may jointly announce, with the consent of the Executive, in accordance with the Takeovers Code).

Persons including, without limitation, custodians, nominees and trustees, who would, or otherwise intend to, forward this Composite Document and/or the accompanying Form of Acceptance and Transfer to any jurisdiction outside Hong Kong, should read the details in this regard which are contained in the section headed "Overseas Independent Shareholders" in the "Letter from CLSA Limited" of this Composite Document before taking any action. It is the sole responsibility of the Overseas Independent Shareholders who wish to accept the Offer to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection with the acceptance of the Offer (including the obtaining of any governmental, exchange control or other consents which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes due in respect of such jurisdictions). Overseas Independent Shareholders should consult their professional advisers if in doubt.

The Composite Document will remain on the website of the Stock Exchange at www.hkex.com.hk and on the website of the Company at www.hopewellhighway.com as long as the Offer remains open.

11 April 2018

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The timetable set out below is indicative only and may be subject to change. Further announcement(s) will be made in the event of any changes to the timetable as and when appropriate.

Despatch date of this Composite Document and the accompanying Form of Acceptance and Transfer and commencement date of the Offer *(Note 1)*	Wednesday, 11 April 2018
Latest time and date for acceptance of the Offer *(Note 2)*	by 4:00 p.m. on Wednesday, 2 May 2018
Closing Date *(Note 2)*	Wednesday, 2 May 2018
Announcement of the results of the Offer (or its extension or revision, if any), to be posted on the website of the Stock Exchange *(Note 2)*	No later than 7:00 p.m. on Wednesday, 2 May 2018
Latest date for posting of remittances in respect of valid acceptances received under the Offer *(Note 3)*	Friday, 11 May 2018

Notes:

1. The Offer, which is unconditional, is made on the date of posting of this Composite Document, and is capable of acceptance on and from that date until the Closing Date.

2. The latest time and date for acceptance of the Offer will be at 4:00 p.m. on Wednesday, 2 May 2018 unless the Offeror revises or extends the Offer in accordance with the Takeovers Code. An announcement will be issued on the website of the Stock Exchange no later than 7:00 p.m. on Wednesday, 2 May 2018 stating whether the Offer has been extended, revised or has expired. In the event that the Offeror decides to revise or extend the Offer, at least 14 days' notice by way of an announcement will be given before the Offer is closed to those Shareholders who have not accepted the Offer.

3. Remittances in respect of the cash consideration (after deducting the seller's ad valorem stamp duty) payable for the Offer Shares tendered under the Offer will be despatched to Independent Shareholders accepting the Offer by ordinary post at their own risk as soon as possible, but in any event within 7 Business Days after the date of receipt by the Registrar of all relevant documents (receipt of which renders such acceptance complete and valid), in accordance with the Takeovers Code. Acceptance of the Offer shall be irrevocable and not capable of being withdrawn, except as permitted under the Takeovers Code. Please refer to paragraph 4 headed "Right of withdrawal" in Appendix I to this Composite Document for further information on the circumstances where acceptances may be withdrawn.

4. If there is a tropical cyclone warning signal number 8 or above, or a black rainstorm warning:

   (a) in force in Hong Kong at any local time before 12:00 noon but no longer in force after 12:00 noon on the latest date for acceptance of the Offer and the latest date for despatch of remittances for the amounts due under the Offer in respect of valid acceptances, the latest time for acceptance of the Offer and the despatch of remittances will remain at 4:00 p.m. on the same Business Day; or

   (b) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the latest date for acceptance of the Offer and the latest date for despatch of remittances for the amounts due under the Offer in respect of valid acceptances, the latest time for acceptance of the Offer and the despatch of remittances will be rescheduled to 4:00 p.m. on the following Business Day.

All references to dates and times contained in this Composite Document refer to Hong Kong dates and times.

Save as mentioned above, if the latest time for the acceptance of the Offer and the despatch of remittances do not take effect on the date and time as stated above, the other dates mentioned above may be affected. The Offeror and the Company will notify the Independent Shareholders by way of announcement(s) of any change in the expected timetable as soon as possible.

In this Composite Document, unless the context otherwise requires, the following expressions have the following meanings:

"acting in concert"	has the same meaning as ascribed to it under the Takeovers Code
"Anber Investments"	Anber Investments Limited, a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of HHL
"Announcement Date"	29 December 2017, being the date of the Joint Announcement
"associate(s)"	has the same meaning as ascribed to it under the Takeovers Code
"Board"	the board of Directors
"Business Day(s)"	a day (excluding Saturday, Sunday or statutory holiday in Hong Kong) on which licensed banks in Hong Kong are generally open for business, or a day on which the Stock Exchange is open for the transaction of business (as the case may be)
"CCASS"	the Central Clearing and Settlement System established and operated by Hong Kong Securities Clearing Company Limited
"China Merchants Bank"	China Merchants Bank Co., Ltd. (acting through China Merchants Bank Offshore Banking Centre) as the arranger, the original lender, the agent and as the security agent of the Facility Agreement
"CITIC Securities Finance"	CITIC Securities Finance 2013 Co., Ltd., an indirectly wholly-owned subsidiary of CITIC Securities Company Limited, the shares of which are listed on the main board of the Stock Exchange (Stock Code: 6030)
"CITIC Securities Finance Security Interest"	the security interest that CITIC Securities Finance may have over any Shares under the Share Charge as a result of any transfer of the loan drawndown under the Facility Agreement from China Merchants Bank to CITIC Securities Finance
"Closing Date"	2 May 2018, being the closing date of the Offer, or if the Offer is extended, any subsequent closing date as may be determined by the Offeror and announced with the consent of the Executive in accordance with the Takeovers Code

"CLSA Capital Markets"	CLSA Capital Markets Limited, a licensed corporation to carry out Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, the financial adviser to the Offeror in relation to the Offer, an indirectly wholly-owned subsidiary of CITIC Securities Company Limited, the shares of which are listed on the main board of the Stock Exchange (Stock Code: 6030)
"CLSA Limited"	CLSA Limited, a licensed corporation to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 7 (providing automated trading services) regulated activities under the SFO, an indirectly wholly-owned subsidiary of CITIC Securities Company Limited, the shares of which are listed on the main board of the Stock Exchange (Stock Code: 6030), being the agent making the Offer on behalf of the Offeror
"Company"	Hopewell Highway Infrastructure Limited (合和公路基建有限公司), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Stock Exchange (Stock Codes: 737 (HKD Counter) and 80737 (RMB Counter))
"Completion"	completion of the Disposal in accordance with the terms and conditions of the Sale and Purchase Agreement
"Composite Document"	this composite offer and response document in respect of the Offer jointly issued by the Offeror and the Company to the Shareholders in accordance with the Takeovers Code
"Director(s)"	the existing director(s) of the Company (excluding any new directors to be appointed to the Board after the posting of this Composite Document)
"Disposal"	the disposal of the Sale Shares by Anber Investments to the Offeror pursuant to the Sale and Purchase Agreement
"Encumbrance(s)"	any mortgage, pledge, lien, sale option, rights of pre-emption or any forms of security interests, or any other claims against rights to an asset
"Executive"	the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director

"Facility Agreement"	the facility agreement dated 28 December 2017 entered into between, among others, the Offeror as the borrower, China Merchants Bank (acting through China Merchants Bank Offshore Banking Centre) as the arranger, the original lender, the agent and as the security agent for financing the purchase of the Sale Shares by the Offeror and the Offer
"Form of Acceptance and Transfer"	the form of acceptance and transfer of the Offer Shares in respect of the Offer accompanying this Composite Document
"Group"	the Company and its subsidiaries
"Guarantee"	the deed of guarantee dated 28 December 2017 entered into by SIHC in respect of the obligation of the Offeror under the Facility Agreement
"HHL"	Hopewell Holdings Limited (合和實業有限公司), a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Stock Exchange (Stock Code: 54)
"HHL Group"	HHL and its subsidiaries
"HK$" or "HKD"	Hong Kong dollar(s), the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"Independent Board Committee"	the independent committee of the Board, comprising Professor Chung Kwong POON, Mr. Yuk Keung IP, Mr. Brian David Man Bun LI and Mr. Alexander Lanson LIN, all being independent non-executive Directors, established for the purpose of making a recommendation to the Independent Shareholders in respect of the Offer
"Independent Financial Adviser" or "Somerley"	Somerley Capital Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser appointed by the Company for the purpose of advising the Independent Board Committee in relation to the Offer
"Independent Shareholders"	Shareholders, other than the Offeror, SIHC and parties acting in concert with any of them

"Joint Announcement"	the announcement dated 29 December 2017 jointly published by the Offeror, HHL and the Company in relation to, among other things, the Sale and Purchase Agreement and the Offer
"Last Trading Day"	29 December 2017, being the last trading day immediately prior to the release of the Joint Announcement
"Latest Practicable Date"	6 April 2018, being the latest practicable date prior to the printing of this Composite Document for ascertaining certain information for inclusion in this Composite Document
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"New Directors"	has the meaning given to it in the section headed "Proposed Change of Board Composition" in the "Letter from CLSA Limited" of this Composite Document
"Offer"	the unconditional mandatory cash offer made by CLSA Limited, for and on behalf of the Offeror, to acquire all of the Offer Shares in accordance with the terms and conditions set out in this Composite Document
"Offer Period"	the period from 29 December 2017, being the Announcement Date, to the Closing Date, or such other time and/or date to which the Offeror may decide to extend or revise the Offer in accordance with the Takeovers Code
"Offer Price"	the price at which the Offer is made, being HK$4.80 per Offer Share
"Offer Share(s)"	Shares(s) of the Company (other than those already owned and/or agreed to be acquired by the Offeror, SIHC and/or parties acting in concert with any of them) that are subject to the Offer
"Offeror"	Shenzhen Investment International Capital Holdings Infrastructure Co., Ltd (深圳投控國際資本控股基建有限公司), a company incorporated in the British Virgin Islands with limited liability
"Overseas Independent Shareholder(s)"	Shareholder(s) whose address(es), as shown on the register of members of the Company, is/are outside Hong Kong

"PRC"	the People's Republic of China, which for the purpose of this Composite Document, excludes Hong Kong, the Macao Special Administrative Region of the People's Republic of China and Taiwan
"Registrar"	Computershare Hong Kong Investor Services Limited, the Hong Kong share registrar and transfer office of the Company, with its registered office at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong
"Relevant Period"	the period beginning from 29 June 2017, being the date six months before the Announcement Date, up to and including the Latest Practicable Date
"RMB"	Renminbi, the lawful currency of the PRC
"Sale and Purchase Agreement"	the sale and purchase agreement dated 29 December 2017 entered into among the Offeror (as purchaser), SIHC (as purchaser's guarantor), Anber Investments (as vendor) and HHL (as vendor's guarantor) in relation to the purchase of the Sale Shares by the Offeror from Anber Investments
"Sale Shares"	2,055,287,337 Shares held by Anber Investments, representing approximately 66.69% of the total number of issued Shares as at the Announcement Date, and acquired by the Offeror from Anber Investments on and subject to the terms and conditions of the Sale and Purchase Agreement, and a "Sale Share" means any of them
"SFC"	the Securities and Futures Commission of Hong Kong
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Share(s)"	ordinary share(s) of HK$0.10 each in the share capital of the Company
"Share Charge"	the share charge dated 28 December 2017 between the Offeror as chargor and China Merchants Bank as chargee, whereby creating security over the Sale Shares acquired by the Offeror and Offer Shares to be tendered by Independent Shareholders
"Shareholder(s)"	the registered holder(s) for the time being of Share(s)

"SIHC"	Shenzhen Investment Holdings Co., Ltd* (深圳市投資控股有限公司), a company incorporated in the PRC with limited liability, the ultimate parent company and the guarantor of the Offeror
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary(ies)"	has the same meaning as ascribed to it under the Listing Rules
"Takeovers Code"	The Code on Takeovers and Mergers published by the SFC and administered by the Executive
"%"	per cent

* *For identification purposes only*

To the Independent Shareholders

Dear Sir or Madam,

UNCONDITIONAL MANDATORY CASH OFFER BY CLSA LIMITED FOR AND ON BEHALF OF SHENZHEN INVESTMENT INTERNATIONAL CAPITAL HOLDINGS INFRASTRUCTURE CO., LTD TO ACQUIRE ALL THE ISSUED SHARES OF HOPEWELL HIGHWAY INFRASTRUCTURE LIMITED (OTHER THAN THOSE ALREADY OWNED AND/OR AGREED TO BE ACQUIRED BY SHENZHEN INVESTMENT INTERNATIONAL CAPITAL HOLDINGS INFRASTRUCTURE CO., LTD AND/OR PARTIES ACTING IN CONCERT WITH IT)

INTRODUCTION

It was announced in the Joint Announcement that on 29 December 2017, Anber Investments, HHL, the Offeror and SIHC entered into the Sale and Purchase Agreement pursuant to which Anber Investments has conditionally agreed to sell and the Offeror has conditionally agreed to acquire the Sale Shares, representing approximately 66.69% of the total number of issued Shares as at the Announcement Date, for a total cash consideration of HK$9,865,379,217.60 (being HK$4.80 per Sale Share).

Completion took place on 4 April 2018. Immediately after Completion and as at the Latest Practicable Date, the Offeror and parties acting in concert with it own a total of 2,055,287,337 Shares, representing approximately 66.69% of the total number of issued Shares. Upon Completion, the Offeror is required under Rule 26.1 of the Takeovers Code to make an unconditional mandatory cash offer for all the issued Shares, other than those already owned and/or agreed to be acquired by the Offeror and/or parties acting in concert with it. The Offer is unconditional in all respects.

This letter forms part of this Composite Document and sets out, among other things, the principal terms of the Offer, the information on the Offeror and the Offeror's intentions regarding the Group. Further details of the Offer are also set out in Appendix I to this Composite Document and the accompanying Form of Acceptance and Transfer. Your attention is also drawn to the "Letter from the Board", the "Letter from the Independent Board Committee" and the "Letter from the Independent Financial Adviser" as contained in this Composite Document.

THE OFFER

Principal terms of the Offer

We are making the Offer for and on behalf of the Offeror in compliance with the Takeovers Code to acquire the Offer Shares on the following basis:

For each Offer Share .... HK$4.80 in cash

The Offer Price of HK$4.80 per Offer Share is equal to the price per Sale Share paid by the Offeror under the Sale and Purchase Agreement. The Offer extends to all Offer Shares in issue on the date on which the Offer is made, other than those already owned by the Offeror and parties acting in concert with it.

The procedures for acceptance and further details of the Offer are set out in Appendix I to this Composite Document and the accompanying Form of Acceptance and Transfer.

Comparison of value

The Offer Price of HK$4.80 per Offer Share:

(a) is equal to the closing price of HK$4.800 per share as quoted on the Stock Exchange on the Latest Practicable Date;

(b) represents a discount of approximately 3.61% below the closing price of HK$4.980 per Share as quoted on the Stock Exchange on the Last Trading Day;

(c) represents a discount of approximately 3.11% below the average of the closing prices of the Shares as quoted on the Stock Exchange for the last five (5) trading days immediately prior to and including the Last Trading Day, being approximately HK$4.954 per Share;

(d) represents a discount of approximately 2.02% below the average of the closing prices of the Shares as quoted on the Stock Exchange for the last ten (10) trading days immediately prior to and including the Last Trading Day, being approximately HK$4.899 per Share;

(e) represents a premium of approximately 0.27% over the average of the closing prices of the Shares as quoted on the Stock Exchange for the thirty (30) trading days immediately prior to and including the Last Trading Day, being approximately HK$4.787 per Share; and

(f) represents a premium of approximately 132.35% over the audited consolidated net asset value attributable to the Shareholders of approximately HK$2.066 per Share as at 30 June 2017 calculated based on the audited consolidated equity attributable to the Shareholders of (being the date to which the latest audited consolidated annual financial statements of the Group were made up) approximately RMB5.53 billion as at 30 June 2017 (approximately HK$6.37 billion as at 30 June 2017 as disclosed in the annual report of the Company for the year ended 30 June 2017) and 3,081,690,283 Shares in issue as at the Latest Practicable Date; and

(g) represents a premium of approximately 136.57% over the unaudited consolidated net asset value attributable to the Shareholders of approximately HK$2.029 per Share as at 31 December 2017 calculated based on the unaudited consolidated equity attributable to the Shareholders of (being the date to which the latest unaudited consolidated interim results of the Group were made up) approximately RMB5.21 billion as at 31 December 2017 (approximately HK$6.25 billion as at 31 December 2017 as disclosed in the interim results of the Company for the six month ended 31 December 2017) and 3,081,690,283 Shares in issue as at the Latest Practicable Date.

Market prices of the Shares

The table below sets out the closing prices of the Shares as quoted on the Stock Exchange on (a) the last Business Day of each of the calendar months during the Relevant Period; (b) the Last Trading Day; and (c) the Latest Practicable Date:

Date	**Closing price per Share** *(HK$)*
30 June 2017	4.387
31 July 2017	4.690
31 August 2017	4.690
29 September 2017	4.719
31 October 2017	4.840
30 November 2017	4.660
28 December 2017 (being the Last Trading Day)	4.980
29 December 2017	4.980
31 January 2018	4.800
28 February 2018	4.730
29 March 2018	4.790
6 April 2018 (the Latest Practicable Date)	4.800

Highest and lowest Share prices

The highest and lowest closing prices of the Shares as quoted on the Stock Exchange during the Relevant Period was HK$5.071 per Share on 17 October 2017 and HK$4.309 per Share on 29 June 2017.

Consideration and confirmation of financial resources

As at the Latest Practicable Date, there were 3,081,690,283 Shares in issue and the Company did not have any options, warrants or derivatives or other securities which may confer to the holder(s) thereof any right to subscribe for, convert or exchange into Shares. The

Company has not entered into any agreement for the issue of any Shares or options, warrants, derivatives or other securities which may confer to the holder(s) thereof any right to subscribe for, convert or exchange into Shares.

Assuming that there is no change in the total number of issued Shares from the Latest Practicable Date up to the Closing Date and based on the Offer Price of HK$4.80 per Offer Share, the entire issued share capital of the Company is valued at HK$14,792,113,358.40. The Offer is being made to the Independent Shareholders.

As the Offeror and parties acting in concert with it held an aggregate of 2,055,287,337 Shares as at the Latest Practicable Date, 1,026,402,946 Shares were subject to the Offer. Based on the Offer Price of HK$4.80 per Offer Share, the total consideration of the Offer would be approximately HK$4,926,734,140.80.

The Offeror intends to finance the total consideration payable by the Offeror in respect of the Offer by a facility of HK$15,500 million (including the consideration for the acquisition of the Sale Shares which has already been settled) which is secured by the Share Charge and the Guarantee. The Offeror has entered into the Facility Agreement under which the Offeror is required to and has entered into, amongst others, the Share Charge in favour of China Merchants Bank. The Facility Agreement is guaranteed by SIHC under the Guarantee in respect of the due and punctual performance and the payment obligations of the Offeror under the Facility Agreement.

CLSA Capital Markets, the financial adviser to the Offeror in respect of the Offer, is satisfied that sufficient financial resources are, and will remain, available to the Offeror to satisfy the full acceptance of the Offer.

The payment of interest on, repayment of or security for any liability (contingent or otherwise) under the loan facilities provided by China Merchants Bank will not depend to any significant extent on the business of the Group.

Effect of accepting the Offer

By accepting the Offer, the Independent Shareholders will sell their Shares free from all Encumbrances and with all rights now and in the future attaching to them, including the right to receive all dividends, distributions or any return of capital declared, made or paid on or after the date on which the Offer is made, i.e., the date of this Composite Document.

The Offer is unconditional in all respects and will remain open for acceptance from the date of this Composite Document until 4:00 p.m. on the Closing Date. Acceptance of the Offer tendered by the Independent Shareholders shall be unconditional and irrevocable once given and cannot be withdrawn except in the circumstances set out in Rule 19.2 of the Takeovers Code, details of which are set out in paragraph 4 headed “Right of Withdrawal” in Appendix I to this Composite Document.

INFORMATION ON THE OFFEROR

The Offeror is an indirect wholly-owned subsidiary of SIHC and a special purpose vehicle established by SIHC for the purpose of the acquisition of the Sale Shares and the Offer. SIHC is an investment holding institution empowered by the Shenzhen Municipal Government and a state-owned limited liability company founded in 2004. It is principally engaged in investment and development of financial technology, science and technology parks, emerging markets and high-end services businesses.

INTENTIONS OF THE OFFEROR REGARDING THE GROUP

The Offeror intends to continue with the existing business operations of the Group after the completion of the Offer and further promote the use of the two expressways of the Company with a view to enhancing the city image of Shenzhen.

As the flagship investment platform of the Shenzhen Municipal Government, SIHC serves as an originator and operator of strategic investments that help to consolidate and strengthen Shenzhen's economic position in the greater Pearl-River Delta region. The acquisition of a controlling interest in the Group offers an attractive investment opportunity for SIHC in the important infrastructure sector. Furthermore, as Shenzhen is one of the core cities leading the promotion and development of the Guangdong-Hong Kong-Macao Bay Area, the acquisition of the Sale Shares will represent not only a valuable addition to SIHC's existing investment portfolio but also a significant contributor to SIHC's continuous expansion of the connections within this area by leveraging the Group's existing business as well as SIHC's position as the flagship investment platform of the Shenzhen Municipal Government. In addition, as the incoming controlling shareholder of the Group, SIHC intends to build the Group into its primary overseas listing platform and rationalize and optimize the Company's business portfolio going forward with a view to stimulating future growth of the Group.

The Offeror intends to retain the majority of the senior management of the Company to continue the business of the Company and will appoint new directors with relevant expertise to the Board and to the board of the subsidiaries and joint venture companies within the Group after the posting of this Composite Document. The Offeror has no intention to discontinue the employment of the employees of the Group (save for in the ordinary course of business and the proposed changes to the composition of the Board (as detailed below) and changes to the composition of the board of the subsidiaries and joint venture companies within the Group).

As at the Latest Practicable Date, however, the Offeror did not have any plan or proposal with respect to any acquisition of assets and/or business by the Group. If the Group does decide to proceed with any such acquisition, further announcement(s) will be made as and when appropriate.

As at the Latest Practicable Date, (i) the Offeror had no intention, understanding, negotiation or arrangement on downsizing, termination or disposal of the existing business of the Group; and (ii) the Offeror had no intention to introduce any major changes in the business of the Group, including dividend policy, or to redeploy the fixed assets of the Group following completion of the Offer, save for (a) in the ordinary course of business of the Group; or (b) in compliance with relevant rules, regulations, undertakings and/or other requirements applicable to the Offeror and the Company, including the Offeror's intention to commence discussions with Shenzhen Expressway Company Limited (Stock Codes: 548 (H Shares) and 600548 (A Shares) after the completion of the Offer on relevant issues relating to a non-compete undertaking provided by SIHC to Shenzhen Expressway Company Limited in May 2011 and published in the announcement made by Shenzhen Expressway Company Limited on 1 June 2011, stating that SIHC shall make Shenzhen Expressway Company Limited the ultimate and exclusive platform for consolidation of expressway businesses of SIHC. Should any corresponding corporate actions materialise, further announcement(s) will be made in accordance with the Listing Rules.

PROPOSED CHANGE OF BOARD COMPOSITION

The Board is currently made up of eight Directors, comprising four executive Directors, namely, Sir Gordan WU, Mr. Eddie Ping Chang HO, Mr. Thomas Jefferson WU and Mr. Alan Chi Hung CHAN, and four independent non-executive Directors, namely, Professor Chung Kwong POON, Mr. Yuk Keung IP, Mr. Brian David Man Bun LI and Mr. Alexander Lanson LIN. It is currently expected that the Offeror will require all Directors (excluding Mr. Brian David Man Bun LI who will remain as independent non-executive Director) to resign from the Board, and the resignations will take effect on or after the Closing Date.

The Offeror intends to nominate six new directors into the board of directors of the Company, namely Mr. Tianliang ZHANG* (張天亮), Mr. Cheng WU* (吳成) and Mr. Ji LIU* (劉繼) as new executive directors, Mr. Zhengyu LIU* (劉征宇) as a new non-executive directors, and Mr. Yu Lung CHING (程如龍) and Mr. Tony Chung Nin KAN (簡松年) as new independent non-executive directors (together, the "**New Directors**"). The proposed appointment will only take effect after the posting of this Composite Document in accordance with the requirements of the Takeovers Code.

The biographical details of the New Directors are set out below:

Mr. Tianliang ZHANG* (張天亮), aged 55, obtained a bachelor's degree in Laws at the Hubei University in July 1985, and obtained a Master of Laws degree from the Central China Normal University in July 1987. In December 1991, Mr. ZHANG was as a Director Staff Member of the Three Divisions of the Policy Research Office of Hubei Provincial Government* (湖北省政府政策研究室). In February 1993, Mr. ZHANG was a Director Staff Member of the Policy Research and Political Reform Office of CPC Shenzhen Municipal Party Committee* (深圳市委政策研究室政治體制改革辦公室) and later became a Deputy Director General of the Policy Research and Political Reform Division of CPC Shenzhen Municipal Party Committee* (深圳市委政策研究室政治體制改革處). In November 2002, Mr. ZHANG was the Deputy General Manager of Shenzhen Shahe Industry (Group) Co., Ltd.* (深圳市沙河實業(集團)有限公司) and became the Chairman of the Supervisory Board in November 2004. Mr. ZHANG was transferred to Shenzhen Wuzhou Guesthouse Company Limited* (深圳市五洲賓館有限責任公司) in April 2014 as the Chairman and Secretary of the Party Committee of the company.

Mr. Cheng WU* (吳成), aged 48, obtained a bachelor degree in Transportation Management* (交通運輸管理工程專業) from the Changsha Jiaotong College* (長沙交通學院) (now known as Changsha University of Science and Technology) in July 1995. Mr. WU worked as the Deputy General Manager at the Luohu Station of Shenzhen Transportation Services Corporation* (深圳市交通運輸服務公司羅湖汽車站) in October 1997, and became the Deputy General Manager of the management office of Shenzhen Kuaiyibu Logistics Company Limited* (深圳市快一步物流有限公司) in February 2002. Mr. WU was the head of the Business Department of Shenzhen Highway Passenger and Freight Transport Service Centre* (深圳市公路客貨運輸服務中心) in February 2009. Mr. WU joined Shenzhen Highway Passenger and Freight Transport Service Center Company Limited* (深圳市公路客貨運輸服務中心有限公司) in June 2012 as a Deputy General Manager, and has also held an additional post of the Chairman of the Board of Directors of Shenzhen Transportation Service Company Limited* (深圳市客運服務有限公司) since November 2014.

Mr. Ji LIU* (劉繼), aged 42, obtained Master's Degree of Science in Project Management in 2004. Mr. LIU has many years of experience on investment and mergers of listed companies, state-owned property management, and corporate governance of listed companies.

Mr. LIU joined Shenzhen Shenhua Group Corporation* (深圳市深華集團公司) in 1998 and joined the Property Management Office of the State-owned Assets Supervision and Administration Commission of the People's Government of Shenzhen Municipal* (深圳市國有資產監督管理委員會產權管理處) in 2005. Mr. LIU joined Shenzhen International Holdings Limited (深圳國際控股有限公司) since August 2006. He successively held the posts of the Secretary of the Board of Executive Directors, the General Manager of the Information Technology Department, the General Manager of the Administration Department and the General Manager of the Corporation Management Department. Mr. LIU has been the General Manager of the Mergers and Acquisition Department of Shenzhen International Holdings Limited (深圳國際控股有限公司) since August 2014.

Mr. Liu is a non-executive director of Shenzhen Expressway Company Limited (Stock Codes: 548 (H Shares) and 600548 (A Shares)).

Mr. Zhengyu LIU* (劉征宇), aged 48, obtained a bachelor's degree in Economics from the Hunan College of Finance and Economics* (湖南財經學院) (now known as the Hunan University) and a MBA degree from the Xiamen University in July 2001. Mr. LIU was the Business Manager of the audit department of Shenzhen Investment Management Co., Ltd.* (深圳市投資管理公司) in 2002 and has served as a director at Shenzhen Metro Group Company Limited* (深圳市地鐵有限公司) in 2005. In 2009, Mr. LIU has served as Supervisor and Financial Controller of the Supervisory Board of Shenzhen Investment Holdings Co., Ltd.* (深圳市投資控股有限公司) and became the Chief Accountant there in 2013 and the Deputy General Manager in 2017. Mr. LIU has also been a director of China State-owned Capital Risk Investment Fund Company Limited* (中國國有資本風險投資基金股份有限公司) in 2016.

Mr. Yu Lung CHING (程如龍), aged 48, has more than 25 years of experience in auditing, corporate finance and accounting. Mr. CHING currently serves as a financial consultant. He obtained a bachelor's degree in business administration from the Chinese University of Hong Kong and executive master degree in business administration from

Tsinghua University in 1992 and 2006, respectively. Mr. CHING is a fellow member of Hong Kong Institute of Certified Public Accountants and Association of Chartered Certified Accountants and a member of the American Institute of Certified Public Accountants.

Mr. CHING is an independent non-executive director of Hopson Development Holdings Limited (Stock Code: 754), Ngai Hing Hong Company Limited (Stock Code: 1047) and Termbray Industries International (Holdings) Limited (Stock Code: 93), all of which are listed on The Stock Exchange of Hong Kong Limited. Mr. CHING had been an independent non-executive director of PanAsialum Holdings Company Limited (Stock Code: 2078) until 28 February 2016.

Mr. Tony Chung Nin KAN (簡松年), aged 67, is the Founder and Senior Consultant of Tony Kan & Co., Solicitors & Notaries, practising as a Solicitor of the Supreme Court of Hong Kong since 1982. He is also a Solicitor of the Supreme Court of England and Wales, a Barrister and Solicitor of the Supreme Court of the Australian Capital Territory, as well as Advocate and Solicitor of the Supreme Court of the Republic of Singapore. He is also a China Appointed Attesting Officer and a Notary Public. Mr. KAN is currently a Committee Member of the National Committee of the Chinese People's Political Consultative Conference and was a Committee Member of the Guangdong Committee of the Chinese People's Political Consultative Conference for three consecutive terms. Mr. KAN had been an Elected Member of the Sha Tin District Council from 1985 to the end of 2011. He had also been an Elected Member of the Regional Council and he was elected as Vice Chairman of the Council in July 1997 until its dissolution at the end of 1999.

Since 1988, Mr. KAN has served as a Councillor of Heung Yee Kuk in the New Territories and is currently an Ex Officio Member and Executive Committee Member of Heung Yee Kuk. Mr. KAN is serving and has served on various advisory committees for the government, including Town Planning Board Member. He is currently a Member of the Election Committee of the Chief Executive of Hong Kong Special Administrative Region. Mr. KAN has been appointed as an independent non-executive director of Man Wah Holdings Limited (Stock Code: 1999) since May 2013, a company listed in Hong Kong. Mr. KAN has been appointed as an independent non-executive director of Nameson Holdings Limited (Stock Code: 1982) since 29 January 2016, which has been listed on the Stock Exchange on 12 April 2016. He was the non-executive director of Midland Holdings Limited (''Midland Holdings'') (Stock Code: 1200), and subsequently became the independent non-executive director of Midland Holdings during the period from October 1994 to September 2004. Mr. KAN has also served as a non-executive director of Midland Holdings during the period from March 2014 to October 2016 and became the non-executive director as well as the chairman of Midland IC&I Limited (Stock Code: 459) since November 2016.

Under the Sale and Purchase Agreement, Anber Investments has undertaken that, following Completion and on and with effect from the earliest date on which any existing Director may resign under the Takeovers Code or as allowed by the SFC or the Stock Exchange (whichever is the latest), use all reasonable endeavours to procure the resignation of all the existing Directors (except for Mr. Brian David Man Bun LI who is not required by the Offeror to resign from the Board).

Any changes to the Board will be made in compliance with the Takeovers Code and the Listing Rules and further announcement(s) will be made accordingly.

COMPULSORY ACQUISITION

The Offeror does not intend to exercise any right or power which may be available to it to compulsorily acquire any Offer Shares outstanding and not acquired under the Offer after the close of the Offer.

PUBLIC FLOAT AND MAINTAINING THE LISTING STATUS OF THE COMPANY

The Stock Exchange has stated that if, at the close of the Offer, less than the minimum prescribed percentage applicable to the Company, being 25% of the issued Shares, are held by the public, or if the Stock Exchange believes that (a) a false market exists or may exist in the trading of the Shares; or (b) that there are insufficient Shares in public hands to maintain an orderly market, it will consider exercising its discretion to suspend dealings in the Shares until a level of sufficient public float is attained.

The Offeror intends the Company to remain listed on the Stock Exchange following the close of the Offer. The directors of the Offeror and the New Directors to be appointed to the Board have jointly and severally undertaken to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares. The Offeror will use reasonable endeavours to maintain the listing status of the Shares on the Stock Exchange and procure that not less than the minimum prescribed percentage applicable to the Company, being 25%, of the issued Shares, be held by the public in compliance with the Listing Rules.

PROCEDURES FOR ACCEPTANCE OF THE OFFER

Your attention is drawn to paragraph 1 headed "General procedures for acceptance of the Offer" in Appendix I to this Composite Document and the accompanying Form of Acceptance and Transfer.

Settlement of the Offer

Provided that the accompanying Form of Acceptance and Transfer for the Shares, together with the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) are valid, complete and in good order and have been received by the Registrar no later than 4:00 p.m. on the Closing Date, a cheque for the amount due to each of the accepting Independent Shareholder in respect of the Shares tendered under the Offer (less seller's ad valorem stamp duty payable by him/her/it) will be despatched to the accepting Independent Shareholder by ordinary post at his/her/its own risk as soon as possible but in any event within seven Business Days from the date of receipt of all relevant documents (receipt of which renders such acceptance complete and valid) by the Registrar in accordance with the Takeovers Code. The consideration to which any accepting Independent Shareholder is entitled under the Offer will be paid by the Offeror in full in accordance with the terms of the Offer (save with respect to the payment of seller's ad valorem stamp duty) set out in this Composite Document (including Appendix I to this Composite Document) and the accompanying Form of Acceptance and

Transfer, without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against such accepting Independent Shareholder.

No fractions of a cent will be payable and the amount of consideration payable to an Independent Shareholder who accepts the Offer will be rounded up to the nearest cent.

Stamp duty

Seller's ad valorem stamp duty arising in connection with acceptance of the Offer amounting to 0.1% of the amount payable in respect of relevant acceptances by the Independent Shareholders, or (if higher) the value of the Offer Shares as determined by the Collector of Stamp Revenue under the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong) will be deducted from the amount payable to the Independent Shareholders who accept the Offer. The Offeror will bear its own portion of buyer's ad valorem stamp duty under the Offer at the rate of 0.1% of the amount payable in respect of relevant acceptances or (if higher) the value of the Offer Shares as determined by the Collector of Stamp Revenue under the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong) and will be responsible to account to the Stamp Office of Hong Kong for the stamp duty payable for the sale and purchase of the relevant Offer Shares pursuant to the acceptances of the Offer.

Overseas Independent Shareholders

The Offer will be available to all Independent Shareholders, including the Overseas Independent Shareholders. The making of the Offer to or the acceptance thereof by persons not resident in Hong Kong may be affected by the laws and regulations of the relevant jurisdictions in which they are resident. Overseas Independent Shareholders who are citizens, residents or nationals of a jurisdiction outside Hong Kong should observe any applicable legal or regulatory requirements and, where necessary, seek legal advice.

Prospective investors and the Independent Shareholders (including the Overseas Independent Shareholders) should note that the approval of the securities commission in a jurisdiction outside of Hong Kong has not been sought for the Offer and this Composite Document and the accompanying Form of Acceptance and Transfer have not been nor will they be deposited or registered with the securities commission in a jurisdiction outside of Hong Kong.

It is the sole responsibility of the Overseas Independent Shareholders who wish to accept the Offer to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection with the acceptance of the Offer (including the obtaining of any governmental, exchange control or other consents which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes due in respect of such jurisdictions).

Acceptance of the Offer by any Overseas Independent Shareholder will be deemed to constitute a warranty by such person that such person is permitted under all applicable laws and regulations to receive and accept the Offer, and any revision thereof, and such acceptance shall be valid and binding in accordance with all applicable laws and regulations. Any such person is recommended to seek professional advice on deciding whether or not to accept the Offer.

This Composite Document contains certain historical information relating to the Offeror and the Company. Past information is not a reliable indication of future predictions and prospective investors and the Independent Shareholders (including the Overseas Independent Shareholders) should consider carefully the importance placed on such information.

Tax implications

The Independent Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the tax implications that may arise from accepting the Offer. It is emphasized that the Offeror, SIHC and parties acting in concert with any of them, the Company, CLSA Limited, the Registrar or any of their respective ultimate beneficial owners, directors, officers, advisers, associates, agents, or any parties involved in the Offer do not accept any responsibilities for any tax effect on, or liabilities of, the Independent Shareholders as a result of their acceptance of the Offer.

GENERAL

To ensure equality of treatment of all Independent Shareholders, those Independent Shareholders who hold the Shares as nominees for more than one beneficial owner should, as far as practicable, treat the holding of each beneficial owner separately. In order for the beneficial owners of the Shares, whose investments are registered in nominee names, to accept the Offer, it is essential that they provide instructions to their nominees of their intentions with regard to the Offer.

All documents and remittances will be sent to the Independent Shareholders by ordinary post at their own risk. These documents and remittances will be sent to them at their respective addresses as they appear in the register of members of the Company, or in case of joint holders, to the Independent Shareholder whose name appears first in the said register of members, unless otherwise specified in the accompanying Form of Acceptance and Transfer completed, returned and received by the Registrar. None of the Offeror, SIHC or parties acting in concert with any of them, the Company, CLSA Limited, CLSA Capital Markets, the Registrar or any of their respective directors, officers, advisers, associates, agents or any persons involved in the Offer will be responsible for any loss or delay in the transmission of such documents and remittances or any other liabilities that may arise as a result thereof.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information regarding the Offer set out in the appendices to this Composite Document and the accompanying Form of Acceptance and Transfer, which form part of this Composite Document. In addition, your attention is also drawn to the "Letter from the Board" and the "Letter from the Independent Board Committee" contained in this Composite Document.

Yours faithfully,
For and on behalf of
CLSA Limited
Mr. Edmund Wai Hung CHAN
Managing Director

* *For identification purposes only*

Hopewell Highway Infrastructure Limited

合和公路基建有限公司

(incorporated in the Cayman Islands with limited liability)

Stock Codes: 737 (HKD counter) and 80737 (RMB counter)

Executive Directors
Sir Gordon Ying Sheung WU[1] KCMG, FICE
(Chairman)
Mr. Eddie Ping Chang HO
(Vice Chairman)
Mr. Thomas Jefferson WU[2] JP
(Managing Director)
Mr. Alan Chi Hung CHAN
(Deputy Managing Director)

Independent Non-executive Directors
Professor Chung Kwong POON GBS, JP, PhD, DSc
Mr. Yuk Keung IP
Mr. Brian David Man Bun LI JP
Mr. Alexander Lanson LIN

1 *Also as Alternate Director to Mr. Eddie Ping Chang HO*
2 *Also as Alternate Director to Sir Gordon Ying Sheung WU*

Registered office
P.O. Box 309
Ugland House
Grand Cayman
KY1-1104
Cayman Islands

Head office and principal place of business
Room 63–02, 63rd Floor
Hopewell Centre
183 Queen's Road East
Wan Chai
Hong Kong

11 April 2018

To the Independent Shareholders

Dear Sir or Madam,

UNCONDITIONAL MANDATORY CASH OFFER BY CLSA LIMITED FOR AND ON BEHALF OF SHENZHEN INVESTMENT INTERNATIONAL CAPITAL HOLDINGS INFRASTRUCTURE CO., LTD TO ACQUIRE ALL THE ISSUED SHARES OF HOPEWELL HIGHWAY INFRASTRUCTURE LIMITED (OTHER THAN THOSE ALREADY OWNED AND/OR AGREED TO BE ACQUIRED BY SHENZHEN INVESTMENT INTERNATIONAL CAPITAL HOLDINGS INFRASTRUCTURE CO., LTD AND/OR PARTIES ACTING IN CONCERT WITH IT)

INTRODUCTION

Reference is made to the announcements jointly issued by HHL, the Company and the Offeror dated 29 December 2017, 18 January 2018, 8 February 2018, 26 February 2018, 9

March 2018, 28 March 2018 and 4 April 2018 and the announcements of the Company dated 4 January 2018 and 11 January 2018 in relation to, amongst others, the Sale and Purchase Agreement and the Offer.

On 29 December 2017, the Offeror (as purchaser), SIHC (as purchaser's guarantor), Anber Investments (an indirect wholly-owned subsidiary of HHL) (as vendor) and HHL (as vendor's guarantor) entered into the Sale and Purchase Agreement, pursuant to which Anber Investments conditionally agreed to sell and the Offeror conditionally agreed to acquire the Sale Shares, representing approximately 66.69% of the total number of issued Shares as at the Announcement Date, for a total cash consideration of HK$9,865,379,217.60 (being HK$4.80 per Share).

Completion of the Sale and Purchase Agreement took place on 4 April 2018. Immediately after Completion and as at the Latest Practicable Date, the Offeror and parties acting in concert with it own a total of 2,055,287,337 Shares, representing approximately 66.69% of the total number of issued Shares. Upon Completion, the Offeror is required under Rule 26.1 of the Takeovers Code to make the Offer for all the issued Shares, other than those already owned and/or agreed to be acquired by the Offeror and/or parties acting in concert with it.

The purpose of this Composite Document is to provide you with, amongst other things, (i) the details of the Offer (including the expected timetable and the terms and conditions of the Offer); (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Offer; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee in respect of the Offer; and (iv) information relating to the Offeror and the Group, together with the Form of Acceptance and Transfer.

THE OFFER

As at the Latest Practicable Date, there were 3,081,690,283 Shares in issue. There were no options, warrants or derivatives or other securities convertible into Shares as at the Latest Practicable Date and the Company had not entered into any agreement for the issue of any Shares or options, warrants, derivatives or other securities which may confer to the holder(s) thereof any right to subscribe for, convert or exchange into Shares.

Principal terms of the Offer

CLSA Limited, for and on behalf of the Offeror, is making the Offer on the following terms in accordance with Rule 26.1 of the Takeovers Code:

For each Offer Share .... HK$4.80 in cash

The Offer Price of HK$4.80 per Offer Share is equal to the price per Sale Share paid by the Offeror under the Sale and Purchase Agreement.

The Offer is extended to all Independent Shareholders in accordance with the Takeovers Code. The Offer Shares to be acquired under the Offer shall be fully paid and shall be free from all Encumbrances and with all rights and benefits at any time accruing and attaching to the Shares (including the rights to receive all dividends, distributions or any return of capital declared, made or paid on or after the posting of this Composite Document).

The Offer is unconditional in all respects and is not conditional upon acceptances being received in respect of a minimum number of the Shares or any other conditions.

Further details regarding the Offer, including the terms and procedures for acceptance of the Offer, are set out in the "Letter from CLSA Limited" as set out on pages 7 to 18 of this Composite Document and "Further Terms of Acceptance of the Offer" as set out in Appendix I to this Composite Document and the accompanying Form of Acceptance and Transfer.

INFORMATION ON THE GROUP

The Company was incorporated in the Cayman Islands with limited liability, the shares of which have been listed on Main Board of the Stock Exchange since 6 August 2003. The Group is principally engaged in highway infrastructure businesses. It specialises in building and operating strategic expressway infrastructure in Guangdong Province. The two expressways currently operated by the Group are Guangzhou-Shenzhen Superhighway and Western Delta Route.

The Guangzhou-Shenzhen Superhighway is the main expressway connecting the Pearl River Delta region's three major cities — Guangzhou, Dongguan, Shenzhen and Hong Kong. The Western Delta Route is an expressway on the western bank of the Pearl River Delta, running from north to south through the cities namely Guangzhou, Foshan, Zhongshan and Zhuhai. It is well connected with the Guangzhou Ring Road, Guangzhou-Gaoming Expressway, Guangzhou Southern Second Ring Road, Zhongshan-Jiangmen Expressway and Western Coastal Expressway.

Your attention is drawn to the "Financial Information of the Group" and "General Information of the Group" as set out in Appendices II and IV respectively, to this Composite Document.

SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below is the shareholding structure of the Company as at the Latest Practicable Date:

	Number of Shares	*%*
The Offeror and parties acting in concert with it	2,055,287,337	66.69
Others	1,026,402,946	33.31
Total	3,081,690,283	100.00

INFORMATION ON THE OFFEROR AND INTENTIONS OF THE OFFEROR REGARDING THE GROUP

Your attention is drawn to the sections headed "Information on the Offeror" and "Intentions of the Offeror regarding the Group" in the "Letter from CLSA Limited" as set out on pages 11 to 12 of this Composite Document.

The Board is pleased to note the Offeror's intention to continue with the existing business operations of the Group after completion of the Offer and SIHC's intentions to build the Group into its primary overseas listing platform and rationalize and optimize the Company's business portfolio going forward with a view to stimulating future growth of the Group.

PROPOSED CHANGE OF BOARD COMPOSITION

Your attention is drawn to the section headed "Proposed Change of Board Composition" in the "Letter from CLSA Limited" as set out on pages 12 to 15 of this Composite Document.

Save for Mr. Brian David Man Bun LI who intends to remain as independent non-executive Director and to become the chairman of the Remuneration Committee of the Company, the other existing Directors intend to resign as Directors with effect from the earliest time permitted under the Takeovers Code, i.e. on or after the Closing Date.

It is noted that the Offeror has indicated that it has no intention to discontinue the employment of the employees of the Group (save for in the ordinary course of business and the proposed changes to the composition of the Board (as detailed in the "Letter from CLSA Limited") and changes to the composition of the board of the subsidiaries and joint venture companies within the Group). The Board is pleased to note that the Offeror has no intention to make significant changes to the employment of the employees of the Group save as mentioned above.

Any changes to the composition of the Board will be made in compliance with the Takeovers Code and the Listing Rules. Further announcements will be made as soon as practicable after any appointment of new directors and resignation of existing Directors.

PUBLIC FLOAT AND MAINTAINING THE LISTING STATUS OF THE COMPANY

Your attention is drawn to the section headed "Public Float and Maintaining the Listing Status of the Company" in the "Letter from CLSA Limited" as set out on page 15 of this Composite Document.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

Pursuant to Rule 2.1 of the Takeovers Code, the Independent Board Committee, comprising Professor Chung Kwong POON, Mr. Yuk Keung IP, Mr. Brian David Man Bun LI and Mr. Alexander Lanson LIN, all being independent non-executive Directors, was established for the purpose of making a recommendation to the Independent Shareholders in respect of the Offer and, in particular, as to whether the Offer is fair and reasonable and as to acceptance.

Somerley has been appointed as the Independent Financial Adviser to advise the Independent Board Committee in respect of the Offer and, in particular, as to whether the Offer is fair and reasonable and as to acceptance. The appointment of Somerley as the Independent Financial Adviser has been approved by the Independent Board Committee in accordance with Rule 2.1 of the Takeovers Code.

RECOMMENDATION

Your attention is drawn to the "Letter from the Independent Board Committee" as set out on pages 24 to 25 of this Composite Document and the "Letter from the Independent Financial Adviser" as set out on pages 26 to 51 of this Composite Document, which contain, among other things, their advice in relation to the Offer and the principal factors considered by them in arriving at their recommendations.

The Independent Shareholders are urged to read those letters carefully before taking any action in respect of the Offer.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information contained in the appendices to this Composite Document. You are also recommended to read carefully "Further Terms of Acceptance of the Offer" as set out in Appendix I to this Composite Document and the accompanying Form of Acceptance and Transfer for further details in respect of the procedures for acceptance of the Offer.

In considering what action to take in connection with the Offer, you should also consider your own tax positions, if any, and in case of any doubt, consult your professional advisers.

Yours faithfully,
By order of the Board
Hopewell Highway Infrastructure Limited
Sir Gordon Ying Sheung WU KCMG, FICE
Chairman

Hopewell Highway Infrastructure Limited

合和公路基建有限公司

(incorporated in the Cayman Islands with limited liability)

Stock Codes: 737 (HKD counter) and 80737 (RMB counter)

11 April 2018

To the Independent Shareholders

Dear Sir or Madam,

UNCONDITIONAL MANDATORY CASH OFFER BY CLSA LIMITED FOR AND ON BEHALF OF SHENZHEN INVESTMENT INTERNATIONAL CAPITAL HOLDINGS INFRASTRUCTURE CO., LTD TO ACQUIRE ALL THE ISSUED SHARES OF HOPEWELL HIGHWAY INFRASTRUCTURE LIMITED (OTHER THAN THOSE ALREADY OWNED AND/OR AGREED TO BE ACQUIRED BY SHENZHEN INVESTMENT INTERNATIONAL CAPITAL HOLDINGS INFRASTRUCTURE CO., LTD AND/OR PARTIES ACTING IN CONCERT WITH IT)

INTRODUCTION

We refer to the Composite Document dated 11 April 2018 issued jointly by the Offeror and the Company, of which this letter forms part. Unless the context otherwise requires, terms used in this letter shall have the same meanings as those defined in the Composite Document.

We have been appointed by the Board to form the Independent Board Committee to consider the terms of the Offer and to advise you as to whether, in our opinion, the terms of the Offer are fair and reasonable so far as the Independent Shareholders are concerned, and as to the acceptance of the Offer. Somerley has been appointed as the Independent Financial Adviser to advise us in this respect. Details of its advice and the principal factors and reasons taken into consideration in arriving at its recommendation are set out in the "Letter from the Independent Financial Adviser" on pages 26 to 51 of the Composite Document.

We also wish to draw your attention to the "Letter from the Board" as set out on pages 19 to 23 of the Composite Document, the "Letter from CLSA Limited" as set out on pages 7 to 18 of the Composite Document and the additional information set out in the appendices to the Composite Document and the accompanying Form of Acceptance and Transfer.

RECOMMENDATION

Taking into account the terms of the Offer and the advice from the Independent Financial Adviser, in particular the principal factors and reasons taken into account in arriving at its recommendation, we consider that the terms of the Offer are fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we recommend the Independent Shareholders to accept the Offer.

Since the publication of the Joint Announcement, the Shares have been trading in general slightly lower than the Offer Price, closing at HK$4.80 as at the Latest Practicable Date. The Independent Shareholders who are unsure of the future prospects of the Company may consider taking the opportunity to dispose of some or all of their Shares. Such Independent Shareholders should monitor the market price and the trading liquidity of the Shares closely during the Offer Period; if the proceeds of selling in the market (net of costs) would be higher than the net proceeds receivable under the Offer, the Independent Shareholders should sell their Shares in the open market instead of accepting the Offer.

The Independent Shareholders who are attracted to the future of the Company under the management of the Offeror may consider retaining some or all of their Shares. Such Independent Shareholders should bear in mind that although the Offeror has undertaken to maintain the listing of the Shares, there is a possibility of a suspension in trading in the Shares following the close of the Offer if the minimum prescribed public float percentage applicable to the Company of 25% is not met. The directors of the Offeror and the New Directors to be appointed to the Board have jointly and severally undertaken to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares.

In any case, the Independent Shareholders are strongly advised that the decision to realise or to hold their investment in the Company is subject to individual circumstances and investment objectives. If in doubt, the Independent Shareholders should consult their own professional advisers for advice. Furthermore, the Independent Shareholders who wish to accept the Offer are recommended to read carefully the procedures for accepting the Offer as detailed in the Composite Document and the accompanying Form of Acceptance and Transfer.

Yours faithfully,
For and on behalf of the
Independent Board Committee of
Hopewell Highway Infrastructure Limited
Mr. Yuk Keung IP **Professor Chung Kwong POON**
Mr. Brian David Man Bun LI **Mr. Alexander Lanson LIN**
Independent Non-executive Directors

Set out below is the text of a letter from the Independent Financial Adviser, Somerley, to the Independent Board Committee, which has been prepared for the purpose of inclusion in the Composite Document.

SOMERLEY CAPITAL LIMITED
20th Floor
China Building
29 Queen's Road Central
Hong Kong

11 April 2018

To: the Independent Board Committee

Dear Sirs,

**UNCONDITIONAL MANDATORY CASH OFFER
BY CLSA LIMITED
FOR AND ON BEHALF OF SHENZHEN INVESTMENT
INTERNATIONAL CAPITAL HOLDINGS INFRASTRUCTURE CO., LTD
TO ACQUIRE ALL THE ISSUED SHARES OF
HOPEWELL HIGHWAY INFRASTRUCTURE LIMITED
(OTHER THAN THOSE ALREADY OWNED AND/OR
AGREED TO BE ACQUIRED BY
SHENZHEN INVESTMENT INTERNATIONAL CAPITAL HOLDINGS
INFRASTRUCTURE CO., LTD AND/OR PARTIES ACTING IN
CONCERT WITH IT)**

INTRODUCTION

We refer to our appointment as independent financial adviser to advise the Independent Board Committee in connection with the unconditional mandatory cash offer by CLSA Limited for and on behalf of the Offeror to acquire all the issued Shares (other than those already owned and/or agreed to be acquired by the Offeror and/or parties acting in concert with it). Details of the Offer are set out in the Composite Document dated 11 April 2018, of which this letter forms a part. Terms used in this letter shall have the same meanings as those defined in the Composite Document unless the context otherwise requires.

On 29 December 2017 the Offeror, HHL and the Company jointly announced that on 29 December 2017 (after the trading hours of the Stock Exchange), the Offeror, SIHC, Anber Investments (an indirect wholly-owned subsidiary of HHL) and HHL entered into the Sale and Purchase Agreement in respect of the proposed disposal of 2,055,287,337 Shares (i.e. the Sale Shares) held by Anber Investments, for a consideration of approximately HK$9,865.4 million, which is equivalent to HK$4.80 per Sale Share. The Sale Shares represent approximately 66.7% of the total number of issued Shares as at the Latest Practicable Date.

Following Completion and in accordance with Rule 26.1 of the Takeovers Code, the Offeror is required to make an unconditional mandatory cash offer for all the issued Shares (other than those already owned and/or agreed to be acquired by the Offeror and/or parties acting in concert with it).

In accordance with Rule 2.1 of the Takeovers Code and as announced by the Company on 4 January 2018, the Independent Board Committee, comprising all the independent non-executive Directors, namely Professor Chung Kwong POON, Mr. Yuk Keung IP, Mr. Brian David Man Bun LI and Mr. Alexander Lanson LIN, has been established to make a recommendation to the Independent Shareholders in respect of the Offer and, in particular, as to whether the Offer is fair and reasonable and as to acceptance. With the approval of the Independent Board Committee, we have been appointed as the Independent Financial Adviser to advise the Independent Board Committee in this regard.

We are not associated with the Company, the Offeror or any party acting, or presumed to be acting, in concert with any of them and, accordingly, are considered eligible to give independent advice on the Offer. Apart from normal professional fees paid or payable to us in connection with this appointment, no arrangement exists whereby we will receive any payment or benefits from the Company, the Offeror or any party acting, or presumed to be acting, in concert with any of them.

In formulating our opinion and recommendation, we have relied on the information and facts supplied, and the opinions expressed, by the Directors and the management of the Group, which we have assumed to be true, accurate and complete in all material respects. We have reviewed, among other things, the Company's interim report for the six months ended 31 December 2017 and the annual reports for the years ended 30 June 2016 (the "**2016 Annual Report**") and 2017 (the "**2017 Annual Report**"), and the information contained in the Composite Document. We have discussed with the Directors their statements set out in the section headed "Material Change" in Appendix II to the Composite Document that, save as disclosed in that section, there has been no material change in the financial or trading position or outlook of the Group since 30 June 2017, the date to which the latest published audited consolidated financial statements of the Group were made up, and up to and including the Latest Practicable Date. We have also reviewed the trading performance of the Shares on the Stock Exchange, and conducted site visits to the two expressways currently operated by the Group through joint ventures. We have sought and received confirmation from the Directors that no material facts have been omitted from the information supplied and opinions expressed to us. We consider that the information we have received is sufficient for us to reach our opinion and recommendation as set out in this letter. We have no reason to doubt the truth and accuracy of the information provided to us or to believe that any material facts have been omitted or withheld. We have, however, not conducted any independent investigation into the business and affairs of the Group, the Offeror or any party acting, or presumed to be acting, in concert with any of them, nor have we carried out any independent verification of the information supplied. We have also assumed that all representations contained or referred to in the Composite Document were true as at the Latest Practicable Date and will continue to be true until the Closing Date, and that Shareholders will be notified of any material changes to such representations as soon as reasonably practicable during the Offer Period.

We have not considered the tax and regulatory implications on the Independent Shareholders of acceptance or non-acceptance of the Offer, since these depend on their individual circumstances. In particular, the Independent Shareholders who are resident overseas or subject to overseas taxes or Hong Kong taxation on securities dealings should consider their own tax positions and, if in any doubt, consult their own professional advisers.

PRINCIPAL TERMS OF THE OFFER

CLSA Limited, on behalf of the Offeror, is making the Offer on the following terms in accordance with Rule 26.1 of the Takeovers Code:

For each Offer Share.. HK$4.80 in cash

The Offer Price of HK$4.80 per Offer Share is equal to the price per Sale Share paid by the Offeror under the Sale and Purchase Agreement. Based on the Offer Price of HK$4.80 per Share and 3,081,690,283 Shares in issue as at the Latest Practicable Date, the entire issued share capital of the Company is valued at approximately HK$14,792.1 million.

By accepting the Offer, the Independent Shareholders will sell their Shares to the Offeror free from all Encumbrances and with all rights and benefits at any time accruing and attaching to the Shares (including the rights to receive all dividends, distributions or any return of capital declared, made or paid on or after the posting of the Composite Document). Based on the above, Shareholders accepting the Offer should note that they will not be entitled to any dividend declared after the posting of the Composite Document.

The Offer is unconditional in all respects. Acceptances of the Offer will be unconditional and irrevocable once given and cannot be withdrawn except in the circumstances set out in Rule 19.2 of the Takeovers Code, details of which are set out in the section headed "Right of Withdrawal" in Appendix I to the Composite Document. Further details of the Offer, including the expected timetable and the terms and procedures for acceptance of the Offer, are set out in the sections headed "Expected Timetable", "Letter from CLSA Limited", "Letter from the Board", Appendix I to the Composite Document and the Form of Acceptance and Transfer. Since the Shares are traded on both a HKD counter (stock code: 737) and a RMB counter (stock code: 80737) of the Stock Exchange, Independent Shareholders should pay particular attention to the Form of Acceptance and Transfer, as the acceptance and transfer of Shares needs to be indicated separately for Shares traded in HKD and RMB.

The Independent Shareholders are urged to read the relevant sections in the Composite Document in full. The latest time and date for acceptance of the Offer is 4:00 p.m. on the Closing Date unless the Offeror revises or extends the Offer in accordance with the Takeovers Code.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion and recommendation with regard to the Offer, we have taken into account the following principal factors and reasons:

1. Background to the Offer

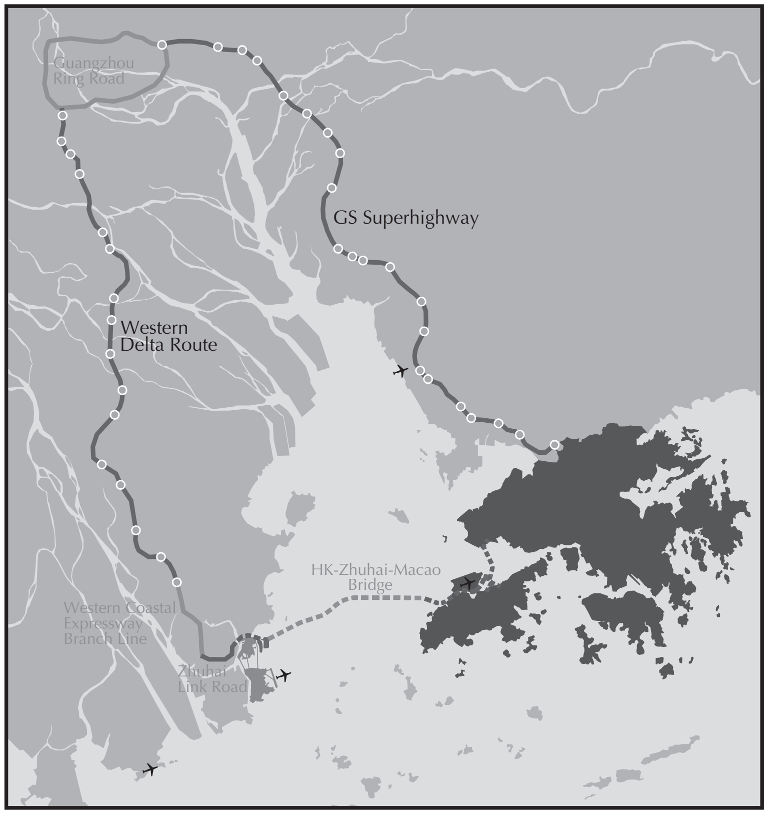
On 4 April 2018, the Offeror, HHL and the Company jointly announced that Completion took place on 4 April 2018. Immediately after Completion and as at the Latest Practicable Date, the Offeror and parties acting in concert with it owned a total of 2,055,287,337 Shares, representing approximately 66.7% of the total number of issued Shares. The Offeror is required under Rule 26.1 of the Takeovers Code to make an unconditional mandatory cash offer for all the issued Shares, other than those already owned and/or agreed to be acquired by the Offeror and/or parties acting in concert with it.

2. Information on the Group

The Company is incorporated in the Cayman Islands with limited liability, and the Shares have been listed on the Main Board of the Stock Exchange since August 2003. The Company became the first renminbi-traded, dual counter equity security on the Stock Exchange in October 2012. As the Latest Practicable Date, the market capitalisation of the Company was approximately HK$14.8 billion.

The Group principally engages in building and operating strategic expressway infrastructure in Guangdong Province, the PRC. The two expressways currently operated by the Group are the Guangzhou-Shenzhen Superhighway (the "**GS Superhighway**") and the toll expressway network linking Guangzhou, Foshan, Zhongshan and Zhuhai (the "**Western Delta Route**"). They are held through joint ventures together with Guangdong Provincial Highway Construction Company Limited, a state-owned enterprise indirectly owned by the Guangdong Provincial Government.

Set out below are the locations of the two expressways operated by the Group:



Source: 2017 Annual Report

The GS Superhighway

The Group owns 50% of the voting rights of Guangzhou-Shenzhen-Zhuhai Superhighway Company Limited (the "**GS Superhighway JV**"), the joint venture which undertakes the development, operation and management of the GS Superhighway. The GS Superhighway has a total length of 122.8 km and a total of 6 lanes in dual directions (except of certain sections being 10 lanes) expressway connecting the Pearl River Delta region's three major cities — Guangzhou, Dongguan and Shenzhen. The operation period is 30 years from the official opening date 1 July 1997.

The GS Superhighway is an important and heavily used expressway in Guangdong Province. For the six months ended 31 December 2017, average daily toll revenue increased by approximately 5.4% year-on-year to approximately RMB9.7 million, and the average daily full-length equivalent traffic rose by approximately 7.1% year-on-year to approximately 106,000 vehicles. Passenger vehicles are the major contributors to toll revenue and traffic, accounting for approximately 69.3% and 82.5% of the GS Superhighway's toll revenue and full-length equivalent traffic volume, respectively, for the six months ended 31 December 2017.

The Group's entitlement to the profit of the toll operations of the GS Superhighway JV is 50% for the initial 10 years of operation period (i.e. starting in July 1997), 48% for the next 10 years (i.e. starting in July 2007) and 45% for the last 10 years of the operation period (i.e. starting in July 2017). In other words, the remaining operation period of the GS Superhighway is less than ten years. At the end of it, and assuming the operation period will not be extended, all the immovable assets and facilities of the GS Superhighway JV will revert to the PRC joint venture partner without compensation.

The Western Delta Route

The Group owns 50% of the voting rights of Guangdong Guangzhou-Zhuhai West Superhighway Company Limited (the "**West Route JV**"), the joint venture which undertakes the Western Delta Route's development, operation and management. The Western Delta Route is a 97.9 km closed expressway with a total of 6 lanes in dual directions that runs from North to South along the central axis of the Western Pearl River Delta and connects four major cities — Guangzhou, Foshan, Zhongshan and Zhuhai. It is the only main expressway between the city centres of Guangzhou and Zhuhai. The Western Delta Route was built in three phases, with the following toll collection periods: phase I (September 2003 to September 2033), phase II (June 2010 to June 2035) and phase III (January 2013 to January 2038). It became fully operational on 25 January 2013, with the opening of phase III.

Unlike the GS Superhighway which has been in operation for over 20 years, the Western Delta Route is a relatively new expressway in its growth phase. For the six months ended 31 December 2017, average daily toll revenue and average daily full-length equivalent traffic grew by approximately 13% and 12% year-on-year, to approximately RMB3.8 million and 52,000 vehicles respectively. Passenger vehicles are the major contributors to toll revenue and traffic, accounting for approximately 66.7% and 79.3% of the Western Delta Route's toll revenue and full-length equivalent traffic volume respectively, compared to approximately 69.5% and 81.7% for the six months ended 31 December 2016.

The Group is entitled to 50% of the distributable profits from the operation of the West Route JV. At the end of the respective operation/toll collection periods of phase I, phase II and phase III, and assuming the operation/toll collection periods will not be extended, all the immovable assets and facilities of each phase will revert to the relevant PRC governmental authority which regulates transportation without compensation.

3. Financial information and prospects of the Group

As set out in the section headed "Information on the Group", the Group's principal businesses are held through the GS Superhighway JV and the West Route JV, the results, assets and liabilities of which are incorporated in the Group's consolidated financial statements using the equity method of accounting, as a single line item in the consolidated statement of profit or loss and the consolidated statement of financial position of the Company. To provide a clearer picture of the underlying operational performance and financial position of the Group's two operating joint ventures, we present our analysis on the financial information of the Group based on its financial statements prepared under the proportionate consolidation method, where the Group accounted for its share of each of the assets, liabilities, income and expenses of the joint ventures based on the profit-sharing ratios specified in the relevant joint venture agreements (other than the transactions and balances amongst the Group and joint ventures), and combined such amounts with the Group's similar line items, line by line, in the consolidated financial statements. Such financial information is extracted from Appendix II to the Composite Document and the Company's annual reports and interim report.

We are advised by the management of the Group that the Group's share of revenue and expense as well as assets and liabilities in the GS Superhighway JV has been reduced from 48% to 45% starting from 1 July 2017 (the "**Profit Sharing Adjustment**"), in line with the Group's profit-sharing ratio pursuant to the joint venture agreement. Such Profit Sharing Adjustment has been reflected in the financial statements of the Group for the six months ended 31 December 2017, as presented below.

(a) Financial results

Set out below is a summary of the consolidated financial results of the Group prepared under proportionate consolidation method for the six months ended 31 December 2016 and 2017, and for the three years ended 30 June 2015, 2016 and 2017, details of which are set out in the 2016 Annual Report, the 2017 Annual Report and the Company's interim report for the six months ended 31 December 2017.

(PREPARED UNDER PROPORTIONATE CONSOLIDATION METHOD)

	Notes	For the six months ended 31 December 2017	2016	For the year ended 30 June 2017	2016	2015
		RMB thousand	*RMB thousand*	*RMB thousand*	*RMB thousand*	*RMB thousand*
		(Unaudited)	*(Unaudited)*	*(Unaudited)*	*(Unaudited)*	*(Unaudited)*
Toll revenue		1,121,536	1,092,938	2,159,263	2,001,924	1,918,945
Revenue on construction		34,932	38,144	63,605	19,091	90,449
Turnover	*(i)*	**1,156,468**	**1,131,082**	**2,222,868**	**2,021,015**	**2,009,394**
Other income and other expense	*(ii)*	104,294	(16,164)	76,801	(9,197)	154,328
Construction costs		(34,932)	(38,144)	(63,605)	(19,091)	(90,449)
Provision for resurfacing charges		(20,401)	(16,839)	(36,820)	(34,108)	(27,812)
Toll expressway operation expenses	*(iii)*	(134,805)	(143,840)	(253,224)	(245,834)	(258,392)
General and administrative expenses	*(iii)*	(56,466)	(59,197)	(106,011)	(101,974)	(110,407)
Depreciation and amortisation charges	*(iv)*	(354,001)	(334,654)	(670,841)	(596,231)	(546,905)
Finance costs	*(v)*	(127,031)	(133,524)	(264,673)	(260,502)	(334,204)
Profit before tax		**533,126**	**388,720**	**904,495**	**754,078**	**795,553**
Income tax expense		(168,912)	(116,851)	(272,902)	(233,587)	(265,792)
Profit for the period/year		**364,214**	**271,869**	**631,593**	**520,491**	**529,761**
Net profit margin		*31.5%*	*24.0%*	*28.4%*	*25.8%*	*26.4%*
Profit attributable to Shareholders	*(vi)*	**358,852**	**267,457**	**622,671**	**511,332**	**519,644**
Earnings per share (basic and diluted) (RMB cents)		**11.64**	**8.68**	**20.21**	**16.59**	**16.86**
Dividend per Share	*(vii)*					
Final and interim dividends						
(RMB cents)		—	8.6	20.2	16.6	16.8
(HK$ cents)		—	9.6	23.2	19.5	20.8
Special dividend						
(RMB cents)		—	—	10.0	40.0	18.0
(HK$ cents)		—	—	11.7	46.6	21.8

(i) Turnover

Turnover is primarily derived from toll revenues generated from the GS Superhighway and the Western Delta Route, which in turn is primarily driven by the traffic flows of the two expressways. A breakdown of toll revenue is set out below:

	For the six months ended 31 December		For the year ended 30 June		
	2017	**2016**	**2017**	**2016**	**2015**
	RMB million	*RMB million*	*RMB million*	*RMB million*	*RMB million*
	(Unaudited)	*(Unaudited)*	*(Unaudited)*	*(Unaudited)*	*(Unaudited)*
GS Superhighway	782	791	1,560	1,480	1,438
Western Delta Route	340	301	599	522	481
Toll revenue	**1,122**	**1,092**	**2,159**	**2,002**	**1,919**

The GS Superhighway remains the largest contributor to the Group's revenue, recording toll revenue of approximately RMB1,560 million for the year ended 30 June 2017. The revenue growth in the past two years was supported by the positive economic environment in the Pearl River Delta region.

The Western Delta Route, being a relatively new toll road with lower levels of revenue contributions, exhibited higher growth rates compared to the GS Superhighway, with its toll revenue increasing by approximately 8.5% and 14.8% for the two years ended 30 June 2016 and 2017, respectively, supported by the development of tourism in Hengqin and Macau, and maintenance and upgrade works undertaken on nearby roads.

Due to the Profit Sharing Adjustment starting from 1 July 2017, toll revenue from the GS Superhighway decreased by approximately 1.1% to approximately RMB782 million for the six months ended 31 December 2017. The Western Delta Route continued to record growth, with an approximately 13.0% increase in net toll revenue to approximately RMB340 million.

(ii) Other income and other expense

Other income and other expense mainly represented exchange gains or losses, interest income from bank deposits and loans made by the Group to the West Route JV and rental income.

The significant decrease for the year ended 30 June 2016 was principally due to (i) a share of exchange loss mainly arisen on the GS Superhighway JV's US dollar and HK dollar loans due to the depreciation of the Renminbi and (ii) the reduction of the Company's interest income as a result of full repayment of the Shareholder's Loan (as defined below) in October 2015. For the year ended 30 June 2017, other income and other expense increased to approximately RMB76.8 million, mainly due to the depreciation of the Renminbi, albeit to a lower extent than in the previous year, as the Renminbi broadly appreciated since early January 2017, which resulted in a decrease in the Group's share of exchange loss mainly arisen on the GS Superhighway JV's foreign currency loans. For the six months ended 31 December 2017, the Renminbi appreciated and the Group recorded a pre-tax exchange gain of approximately RMB58.5 million mainly on the GS Superhighway JV's foreign currency loans, as opposed to a pre-tax exchange loss of approximately RMB65.0 million for the corresponding period in 2016.

(iii) Toll expressway operation expenses and general and administrative expenses

Toll expressway operation and general and administrative expenses mainly comprised staff costs and other miscellaneous costs related to toll station gates and other general office expenses. Both toll expressway operation expenses and general and administrative expenses remained broadly flat in the past two years, with a slight reduction for the six months ended 31 December 2017 primarily due to the reduced expenses shared by the Group from the GS Superhighway JV following the Profit Sharing Adjustment.

(iv) Depreciation and amortisation charges

Depreciation and amortisation charges mainly represented amortisation of the Group's concession intangible assets, calculated based on a units-of-usage basis, i.e. the ratio of actual traffic volume for a particular period to the total expected traffic volume over the remaining concession periods. The Group's share of depreciation and amortisation charges of the GS Superhighway increased by approximately 5.3% for the year ended 30 June 2016, and further increased by approximately 11.1% for the year ended 30 June 2017, as a result of the growth in its full-length equivalent traffic and completion of additional improvement works. Similarly, increase in actual traffic volume led to the increase in the share of depreciation and amortisation charges of the Western Delta Route by approximately 18.5% and approximately 15.6% for the years ended 30 June 2016 and 2017 respectively. The Group's share of aggregate depreciation and amortisation charges increased by approximately 5.8% to approximately RMB354.0 million for the six months ended 31 December 2017, as a result of growth in full-length equivalent traffic, partly offset, in the case of the GS Superhighway JV, by the impact from the Profit Sharing Adjustment.

(v) Finance costs

Finance costs mainly comprised interest expenses on bank and other loans. The decrease in finance costs for the year ended 30 June 2016 was mainly due to the full repayment of a shareholder's loan advanced by the Group to the West Route JV in October 2015, with a principal amount of RMB1.0 billion (the "**Shareholder's Loan**"). Finance costs remained broadly flat for the year ended 30 June 2017, and slightly decreased for the six months ended 31 December 2017, primarily due to (i) the Profit Sharing Adjustment, and (ii) the reduction in interest expenses recorded by the West Route JV after prepayment of bank loans of approximately RMB460 million.

(vi) Profit attributable to Shareholders

The Group recorded a profit attributable to Shareholders of approximately RMB511.3 million for the year ended 30 June 2016, broadly flat when compared to the year ended 30 June 2015. It improved for the year ended 30 June 2017, with an approximately 21.8% increase compared to the previous year, mainly due to turnover growth and a reduced exchange loss, as set out above. For the six months ended 31 December 2017, the Group recorded a profit attributable to Shareholders of approximately RMB358.9 million, representing an increase of approximately 34.2% as compared to the same period in 2016, mainly due to the pre-tax exchange gain as set out above, partly offset by the Profit Sharing Adjustment and an increase in tax provisions by the West Route JV. As shown above, the variances in exchange gains and losses during the periods under review, arising from the foreign currency borrowings taken out by the joint ventures, affected the profitability of the Group.

(vii) Dividends paid to Shareholders

Final and interim dividends paid to Shareholders for the years ended 30 June 2015, 2016 and 2017 were RMB16.8 cents, RMB16.6 cents, RMB20.2 cents per Share, respectively, with a dividend pay-out ratio (excluding special dividends) close to 100%. In addition, the Company has in recent years paid to Shareholders special dividends, amounting to RMB18.0 cents, RMB40.0 cents and RMB10.0 cents per Share for the years ended 30 June 2015, 2016 and 2017, respectively, on the basis of the historical dividend payments by the GS Superhighway JV to the Group. We note that West Route JV has not paid any dividends to its shareholders in recent years. For the six months ended 31 December 2017, no interim dividend was declared by the Company.

(b) Financial position

Set out below is a summary of the consolidated financial position of the Group prepared under proportionate consolidation method as at 31 December 2017 and 30 June 2017, details of which are set out in the Company's interim report for the six months ended 31 December 2017.

(PREPARED UNDER PROPORTIONATE CONSOLIDATION METHOD)

	As at 31 December 2017 *RMB thousand (Unaudited)*	**As at 30 June 2017** *RMB thousand (Unaudited)*
Property and equipment	406,712	432,935
Concession intangible assets	10,625,955	11,101,501
Balance with a joint venture	405,350	393,372
Investment	4,785	4,785
Total non-current assets	**11,442,802**	**11,932,593**
Pledged bank balances and deposits of joint ventures	211,256	434,191
Bank balances and cash		
— the Group	416,740	469,067
— Joint ventures	10,480	6,431
Other current assets	62,137	38,692
Total current assets	**700,613**	**948,381**
Total assets	**12,143,415**	**12,880,974**
Bank and other loans of joint ventures	5,508,575	6,006,534
Balance with a joint venture partner	405,299	393,322
Provision, other payables, accruals and deposits received	433,883	387,056
Other liabilities	552,085	536,901
Total liabilities	**6,899,842**	**7,323,813**
Net assets	**5,243,573**	**5,557,161**
Equity attributable to Shareholders	**5,207,385**	**5,526,335**
Net asset value ("NAV") per Share (RMB)	**1.69**	**1.79**

(i) Concession intangible assets

As at 31 December 2017, the Group's concession intangible assets of approximately RMB10,626.0 million related to its right, through the two joint ventures, to operate the GS Superhighway and the Western Delta Route, and the entitlement to toll fee collection during the relevant concession periods. We understand from the management of the Group that such concession intangible assets, which are carried at historical cost, relate to the construction costs incurred for the two expressways, less amortisation, on a units-of-usage basis. The slight decrease in the concession intangible assets during the six months ended 31 December 2017 was mainly a result of the amortisation charges relating to the two expressways and the one-off adjustment relating to the Profit Sharing Adjustment, partly offset by the completion of additional improvements works on the GS Superhighway.

(ii) Other assets

As at 31 December 2017, the Group's other assets mainly comprised (i) bank balances and cash of approximately RMB427.2 million (ii) property and equipment of approximately RMB406.7 million, which mainly consisted of ancillary traffic facilities, furniture, fixtures and equipment and buildings held for use at the two expressways, and (iii) balance with a joint venture of approximately RMB405.4 million, which represented the fair value of registered capital contributions made by the Group to the West Route JV.

(iii) Bank and other loans, gearing ratio

As at 31 December 2017, the Group had total bank and other loans of joint ventures of approximately RMB5,508.6 million. The amount mainly comprised (i) the GS Superhighway JV's bank loans of approximately RMB2,012 million, of which more than half is denominated in US dollars, and (ii) the West Route JV's bank loans of approximately RMB3,488 million. As at 31 December 2017, out of the Group's bank and other loans, approximately RMB159 million are repayable within 1 year, approximately RMB2,328 million are repayable between 1 and 5 years and approximately RMB3,022 million are repayable beyond 5 years.

As at 31 December 2017, the Company had no borrowings at corporate level, with a net cash position of approximately RMB416.7 million. The Group recorded a gearing ratio of approximately 101.3% as at 31 December 2017, being (a) the sum of bank and other loans of joint ventures and balance with a joint venture partner, subtracting the bank balances and cash of the Group and joint ventures and pledged bank balances and deposits of joint ventures, divided by (b) equity attributable to Shareholders.

(iv) Other liabilities

Other liabilities of the Group mainly comprised (i) provision, other payables, accruals and deposits received of approximately RMB433.9 million, which mainly represented provisions for construction payables and accrued charges on payroll and utility expenses, (ii) balance with a joint venture partner of approximately RMB405.3 million, which represented the fair value of registered capital contributions made by the PRC joint venture partner to the West Route JV, (iii) deferred tax liabilities of approximately RMB239.7 million, which mainly represented temporary tax differences in relation to the two expressways, and (iv) resurfacing obligations of approximately RMB200.2 million, which represented the contractual obligations of each of the GS Superhighway JV and the West Route JV to maintain the toll expressways to a specified level of serviceability over the respective concession periods.

(v) Net assets

Net assets of the Group was approximately RMB5,243.6 million as at 31 December 2017, representing a decrease of approximately 5.6% as compared to 30 June 2017. On a per share basis, the NAV attributable to Shareholders decreased from approximately RMB1.79 as at 30 June 2017 to approximately RMB1.69 as at 31 December 2017. Such decrease was mainly due to (i) the one-off reduction in the Group's share of the net assets of the GS Superhighway JV as a result of the Profit Sharing Adjustment, and (ii) payment of final and special dividends during the period, in an aggregate amount of RMB21.6 cents per Share, which is higher than the earnings per Share for the six months ended 31 December 2017 of approximately RMB11.6 cents.

(c) Prospects of the Group

The Group operates two major expressways in Guangdong Province, connecting major cities in the Pearl River Delta region. In general, we consider that the overall economic environment in Guangdong Province effects the performance of the expressways, and, more broadly, vehicle sales and the number of registered cars in the province, which likely impact demand for toll road usage. This in turn affects the Group's growth prospects.

According to the National Bureau of Statistics of the PRC (the "**PRC Statistics Bureau**"), the gross domestic product ("**GDP**") of Guangdong Province grew by approximately 7.8%, 8.0%, 7.5% and 7.8%, in 2014, 2015, 2016 and first half of 2017 respectively, indicating a sustainable environment to support the economic growth in the province. According to the China Association of Automobile Manufacturers, annual vehicle sales in the PRC increased by approximately 13.7% to a historical high of approximately 28 million units in 2016, and the registered car population, as published by the PRC Statistics Bureau, exceeded 180 million units (which includes approximately 16.8 million units in the Guangdong Province) at the end of 2016. This upward trend continued in the first half of 2017, indicating a higher demand on transport infrastructure in the region.

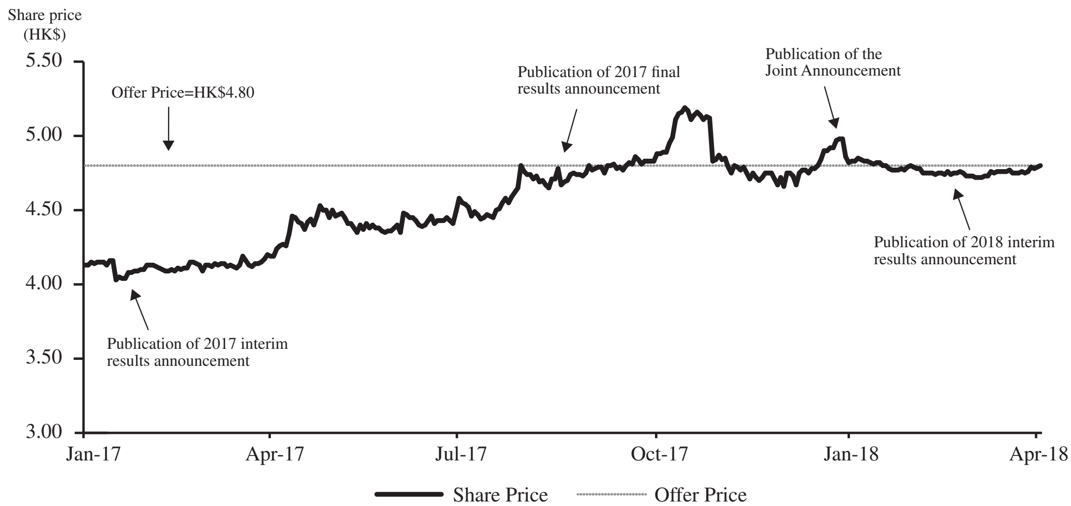
Both the GS Superhighway and the Western Delta Route are strategically located in the Pearl River Delta, a region which the PRC government considers can be developed into a wider city cluster, incorporating Guangzhou, Shenzhen, and Hong Kong. A strategic development plan, as outlined in the State Council's Guiding Opinions on Deepening Pan-Pearl River Delta Regional Co-operation (國務院關於深化泛珠三角區域合作的指導意見) published on 3 March 2016, highlighted the strengthened cooperation between the PRC, Hong Kong and Macau. The bridge linking Hong Kong, Zhuhai and Macao (the "**HZM Bridge**"), currently under construction, is part of a wider infrastructure plan. The Directors believe that connectivity will provide continuous and stable traffic flow to the Western Delta Route.

We consider that the prospects for the Group are primarily influenced by the potential growth in the number of vehicles utilising the GS Superhighway and the Western Delta Route. Both expressways are set to benefit from overall GDP and vehicle growth, while the Western Delta Route may be able to attract more vehicles as a result of tourism growth in Macau and the vicinity, and following the opening of the HZM Bridge. However, such traffic flow increases are not a certainty, and cross-border traffic utilising the HZM Bridge may take time to materialise. The Group's business is also susceptible to government policy changes, for example, in 2012 the relevant authorities of the Guangdong Government published a notice titled "廣東省收費公路專項清理工作實施方案" (the Guangdong Province Toll Roads Special Clean-up Implementation Proposal) concerning the tariffs of expressways in Guangdong Province, which lowered, to certain extent, toll revenue collection on the GS Superhighway and the Western Delta Route. Most recently, as set out in its latest interim report, 43 state-owned expressways in Guangdong have offered a 15% toll discount for trucks since 1 July 2017, which is not applicable for the GS Superhighway and the Western Delta Route. Although other expressways in Guangdong may not compete directly with the Group's two expressways, management of the Group is monitoring this policy change. We also note that the Group's entitlement to the profit of the toll operations of the GS Superhighway JV has been reduced to 45% since July 2017, and the operation period will end in less than 10 years (i.e. July 2027), and the West Route JV only targets to start distributing dividends to the Group starting from 2020 the earliest, as set out in the 2017 Annual Report. The above factors create a certain level of uncertainty surrounding the prospects of the Group.

4. Analysis of price performance and trading liquidity

(a) Historical price performance of the Shares

Set out below is the movement of the closing prices of the Shares during the period from 1 January 2017 to the Latest Practicable Date (the "**Review Period**"):



Source: Bloomberg

The Shares traded below the Offer Price during most of 2017. Following a low of HK$4.03 on 17 January 2017, the Shares traded in a fairly narrow range of between HK$4.20 and HK$4.04 in the first quarter of 2017. Since April 2017, the Share price has broadly increased. Following the publication of the financial results for the year ended 30 June 2017 on 16 August 2017, setting out an increase in the net profit attributable to Shareholders of approximately 21.8%, the Shares continued to trend upward. The market price of the Shares fell back from a peak of HK$5.19 on 17 October 2017 to HK$4.84 on 31 October 2017, before dropping to a low of HK$4.66 on 30 November 2017. During the two weeks before the Joint Announcement, the Share price gradually increased and reached a high of HK$4.98 on 29 December 2017, being the Last Trading Day. We note the increases in the price of the Shares during early October 2017 and late December 2017, but were not aware of any significant news and any other material information relating to the Group during the abovementioned periods that might have led to such increases.

Following the publication of the Joint Announcement on 29 December 2017, the Share price dropped by approximately 2.4% on 2 January 2018, to HK$4.86, slightly above the Offer Price of HK$4.80. Since then, the Share price has broadly tracked the Offer Price, closing at HK$4.80 on the Latest Practicable Date.

(b) Trading liquidity

Set out below are the monthly total trading volumes of the Shares and the percentages of the monthly total trading volume to the total issued Shares and public float of the Company during the Review Period:

	Monthly total trading volume of the Shares *(Note 1)*	Percentage of the monthly total trading volume of the Shares to the total issued Shares *(Note 2)*	Percentage of the monthly total trading volume of the Shares to public float of the Company *(Note 3)*
2017			
January	26,333,380	0.9%	2.8%
February	31,395,051	1.0%	3.3%
March	36,486,993	1.2%	3.9%
April	36,035,261	1.2%	3.8%
May	23,467,009	0.8%	2.5%
June	36,823,498	1.2%	3.9%
July	35,930,174	1.2%	3.8%
August	58,059,776	1.9%	6.2%
September	32,782,861	1.1%	3.5%
October	75,777,376	2.5%	8.0%
November	47,841,267	1.6%	5.1%
December	55,395,599	1.8%	5.9%
2018			
January	170,023,458	5.5%	18.0%
February	87,963,935	2.9%	9.3%
March	83,287,882	2.7%	8.8%

Notes:

(1) Being the sum of trading volumes of the Shares under the HKD counter and the RMB counter, sourced from Bloomberg

(2) The calculation is based on the monthly total trading volumes of the Shares divided by all the issued Shares at the end of each month

(3) The calculation is based on the monthly total trading volumes of the Shares divided by the total number of the Shares held by the public at the end of each month

As set out in the section headed "Information on the Group", the Company offers both HKD and RMB counters for trading. While trading liquidity differs under both counters, we note that the Shares are freely transferable between them. The above trading volume analysis is based on the sums of the Shares traded under both counters. On this basis, except for the month following publication of the Joint Announcement showing a substantially higher level of trading, the monthly trading volumes of the Shares represented approximately 0.8% to 2.9% of the total issued Shares, equivalent to approximately 2.5% to 9.3% of the Shares constituting the public float of the Company. Broadly speaking, we consider that the Shares are fairly actively traded. However, if Shareholders wish to sell a significant number of the Shares in the market, it may result in some downward pressure on the market price of the Shares. The Offer represents an opportunity for Independent Shareholders to exit at a fixed cash price (i.e. the Offer Price), which is equal to the closing price of the Shares as at the Latest Practicable Date, without affecting the market price.

(c) Offer Price comparisons

The Offer Price of HK$4.80:

(i) represents a discount of approximately 3.6% to HK$4.980, the closing price of the Shares as quoted on the Stock Exchange on the Last Trading Day;

(ii) represents a discount of approximately 2.0% to approximately HK$4.899, the average closing price of the Shares as quoted on the Stock Exchange for the last 10 full trading days up to and including the Last Trading Day;

(iii) represents a premium approximately 0.3% over approximately HK$4.787, the average closing price of the Shares as quoted on the Stock Exchange for the last 30 full trading days up to and including the Last Trading Day;

(iv) represents a premium of approximately 2.8% to approximately HK$4.669, the average closing price of the Shares as quoted on the Stock Exchange for the last 180 full trading days up to and including the Last Trading Day;

(v) is equal to the closing price of the Shares as quoted on the Stock Exchange on the Latest Practicable Date;

(vi) a premium of approximately 132.4% over the audited consolidated NAV attributable to the Shareholders of approximately HK$2.066 per Share as at 30 June 2017 (calculated based on the audited consolidated equity attributable to the Shareholders of approximately RMB5.53 billion as at 30 June 2017 (approximately HK$6.37 billion as at 30 June 2017 as disclosed in the 2017 Annual Report and 3,081,690,283 Shares in issue as at 30 June 2017)); and

(vii) a premium of approximately 136.6% over the unaudited consolidated NAV attributable to the Shareholders of approximately HK$2.029 per Share as at 31 December 2017 (calculated based on the unaudited consolidated equity attributable to the Shareholders of approximately RMB5.21 billion as at 31 December 2017 (approximately HK$6.25 billion as at 31 December 2017 as disclosed in the interim report of the Company for the six months ended 31 December 2017 and 3,081,690,283 Shares in issue as at 31 December 2017)).

As set out in the section headed ''Analysis of price performance and trading liquidity'', the price of the Shares has increased gradually since the beginning of 2017 and in general traded below the Offer Price of HK$4.80 during the first eight months of 2017. The Offer Price represents discounts to the (average) closing price of the Shares on the Last Trading Day and for the last 10 full trading days, but it exhibited a premium over the average closing price of the Shares for longer day averages, for example, the 180-trading-day average of approximately HK$4.669. While the Offer Price is not particularly attractive when compared with the most recent trading performance of the Shares, a longer duration view of the Share price indicates that the Offer Price is set at a slight premium to market.

5. Peer comparison

The Group principally engages in building and operating strategic expressway infrastructure. We have analysed the following companies (the ''**Comparable Companies**'') listed on the Stock Exchange that we consider to have a business similar to the Group, and which have derived a majority of their turnover from toll operations and related ancillary services, according to their latest published annual reports, with a market capitalisation of at least HK$1.0 billion. Based on the above criteria, we have identified 7

Comparable Companies as set out below. We consider the Comparable Companies represent a full list of companies that we were able to identify from the Stock Exchange's website which satisfied the above selection criteria:

Company	**Market capitalisation as at the Latest Practicable Date** *(HK$ billion)* *(Note 2)*	**Closing price as at the Latest Practicable Date** *(HK$)* **(A)**	**Consolidated NAV per share** *(HK$)* **(B)** *(Note 3)*	**Earnings per share** *(HK$)* **(C)** *(Note 4)*	**Price to earnings multiple ("P/E")** *(times)* **(A/C)**	**Price to book multiple ("P/B")** *(times)* **(A/B)**	**Dividend yield** % *(Note 5)*
Jiangsu Expressway Company Limited (stock code: 177)	56.0	11.12	5.82	0.89	12.5	1.9	4.9
Zhejiang Expressway Co., Ltd. (stock code: 576)	34.7	8.00	5.93	0.92	8.7	1.3	5.6
Shenzhen Expressway Company Limited ("**Shenzhen Expressway**", stock code: 548)	17.4	7.98	7.79	0.82	9.7	1.0	4.7
Yuexiu Transport Infrastructure Limited (stock code: 1052)	10.1	6.02	7.12	0.71	8.5	0.8	6.0
Anhui Expressway Company Limited (stock code: 995)	10.0	6.04	7.10	0.81	7.5	0.9	4.7
Sichuan Expressway Company Limited (stock code: 107)	8.2	2.69	5.67	0.36	7.5	0.5	4.6
China Resources and Transportation Group Limited (stock code: 269)	1.4	0.192	(0.29)	(0.25)	N/A	N/A	Nil
			Mean		***9.1***	***1.1***	***5.1***
			Median		***8.6***	***1.0***	***4.8***
			Maximum		***12.5***	***1.9***	***6.0***
			Minimum		***7.5***	***0.5***	***4.6***
The Company at the Offer Price	**14.8**	**4.80** *(Note 6)*	**2.03**	**0.23**	**20.9**	**2.4**	**4.8** *(excluding special dividends)* **7.3** *(including special dividends)*

Source: website of the Stock Exchange, public filings by the Comparable Companies

Notes:

*(1) We considered Shenzhen International Holdings Limited (stock code: 152) ("**Shenzhen International**") to be a Comparable Company as it falls under the above criteria. However, we note that a substantial part of Shenzhen International's toll revenues are derived from its controlling interest, in Shenzhen Expressway, which is a Comparable Company. To avoid duplication, we have excluded Shenzhen International from the above table and the analysis below.*

(2) For the Comparable Companies, being the product of the respective closing price as quoted on the Stock Exchange and number of issued shares, as at the Latest Practicable Date; in respect of the Offer, being the product of the Offer Price of HK$4.80 and 3,081,690,283 Shares in issue as at the Latest Practicable Date

(3) Calculated by dividing the respective consolidated NAV attributable to the equity holders as extracted from the latest published financial statements by the respective number of issued shares as at the associated year/period end date

(4) As extracted from the latest published full year financial statements

(5) For the Comparable Companies, being the dividend per share payable as extracted from the respective latest full year financial statements, divided by the respective closing prices as at the Latest Practicable Date; in respect of the Offer, being the dividend per Share payable, as extracted from the financial statements for the year ended 30 June 2017, divided by the Offer Price

(6) Being the Offer Price of HK$4.80

(7) The translation of RMB into HK$ is based on the exchange rate of RMB0.8017 to HK$1 as quoted by Bank of China as at the Latest Practicable Date

(i) P/E ratio

The P/E ratio of the Comparable Companies ranged from approximately 7.5 times to 12.5 times, with a mean and median of approximately 9.1 times and 8.6 times respectively. The P/E ratio as represented by the Offer Price of approximately 20.9 times is substantially higher than the highest P/E ratio of the Comparable Companies, which we consider favourable to Shareholders.

(ii) P/B ratio

The P/B ratio of the Comparable Companies ranged from approximately 0.5 times to 1.9 times, with a mean and median of approximately 1.1 times and 1.0 times respectively. The P/B ratio as represented by the Offer Price of approximately 2.4 times is the highest P/B ratio among the Comparable Companies, which we consider favourable to Shareholders.

(iii) Dividend yield

As set out in the section headed "Dividends paid to Shareholders", the Company pays regular interim and final dividends, with pay-out ratios close to 100% in recent years. In addition, the Company paid special dividends in each of the past three financial years. The dividend yield of the Company of approximately 4.8% on the basis of the Offer Price is close to the mean and median of the Comparable Companies' dividend yields, being approximately 5.1% and 4.8% respectively. When taking into account the special dividend of HK$0.10 per Share paid for the year ended 30 June 2017, the dividend yield of the Company of approximately 7.3% on the basis of the Offer Price is the highest among the Comparable Companies. This means that Shareholders who accept the Offer may face difficulties identifying opportunities to re-invest the proceeds from the Offer in similar companies producing a similar or higher yield. As further detailed in the section below headed "Information on the Offeror", the Offeror had no intention, as at the Latest Practicable Date, to introduce any major changes in the business of the Group, including dividend policy.

On the basis of the dividend yield analysis alone, we consider the Offer is not particularly attractive to Shareholders. However, a full dividend pay-out policy currently being adopted by the Company, theoretically speaking, would leave the company with limited capital for future investment and growth opportunities, while other companies retaining a portion of their profits will be able to make future investments. In this context, we note that the pay-out ratios of the Comparable Companies for the most recent financial year are lower than that of the Group of between approximately 34.2% and 61.8%. Referencing the P/E ratio and P/B ratio analyses, which we consider provide a meaningful yardstick for assessing the Offer, the Offer Price is set favourably when compared to the Group's peers.

6. Information on the Offeror

The Offeror is an indirect wholly-owned subsidiary of SIHC and a special purpose vehicle established by SIHC for the purpose of the acquisition of the Sale Shares and the Offer. SIHC is an investment holding institution empowered by the Shenzhen Municipal Government and a state-owned limited liability company founded in 2004. It is principally engaged in investment and development of financial technology, science and technology parks, emerging markets and high-end services businesses. SIHC also owns a controlling interest in each of Shenzhen International and Shenzhen Expressway, both of which are engaged in, among other businesses, the operation of toll roads.

Business of the Group

As set out in the letter from CLSA Limited in the Composite Document, the Offeror intends to continue with the existing business operations of the Group after the completion of the Offer and further promote the use of the two expressways of the Company. As the flagship investment platform of the Shenzhen Municipal Government, SIHC serves as an originator and operator of strategic investments that help to consolidate and strengthen Shenzhen's economic position in the greater Pearl-River Delta region. The acquisition of a controlling interest in the Group offers an attractive investment opportunity for SIHC in the important infrastructure sector. Furthermore, as Shenzhen is one of the core cities leading the promotion and development of the Guangdong-Hong Kong-Macao Bay Area, the acquisition of the Sale Shares will represent not only a valuable addition to SIHC's existing investment portfolio but also a significant contributor to SIHC's continuous expansion of the connections within this area by leveraging the Group's existing business as well as SIHC's position as the flagship investment platform of the Shenzhen Municipal Government.

As set out in the letter from CLSA Limited in the Composite Document, as at the Latest Practicable Date, (i) the Offeror had no intention, understanding, negotiation or arrangement on downsizing, termination or disposal of the existing business of the Group; and (ii) the Offeror had no intention to introduce any major changes in the business of the Group, including dividend policy, or to redeploy the fixed assets of the Group following completion of the Offer, save for (a) in the ordinary course of business of the Group; or (b) in compliance with relevant rules, regulations, undertakings and/or other requirements applicable to the Offeror and the Company, including the Offeror's intention to commence discussions with Shenzhen Expressway relating to the non-competition undertaking provided by SIHC to Shenzhen Expressway. Should any corresponding corporate actions materialise, further announcement(s) will be made in accordance with the Listing Rules.

Composition of the Board

As set out in the letter from the Board in the Composite Document, save for Mr. Brian David Man Bun LI who intends to remain as independent non-executive Director and to become the chairman of the Remuneration Committee of the Company, the other existing Directors intend to resign as Directors with effect from the earliest time permitted under the Takeovers Code, i.e. on or after the Closing Date. As set out in the letter from CLSA Limited in the Composite Document, the Offeror intends to nominate six new directors to the Board, namely Mr. Tianliang ZHANG, Mr. Cheng WU and Mr. Ji LIU as new executive directors, Mr. Zhengyu LIU as a new non-executive director, and Mr. Yu Lung CHING and Mr. Tony Chung Nin KAN as new independent non-executive directors. Such appointments will only take effect after the posting of the Composite Document in accordance with the requirements of the Takeovers Code. The biographical details of the New Directors are stated in the letter from CLSA Limited in the Composite Document.

The Offeror has no intention to discontinue the employment of the employees of the Group (save for in the ordinary course of business and the proposed changes to the composition of the Board (as detailed above) and changes to the composition of the board of the subsidiaries and joint venture companies within the Group).

Should there be any changes to the Board, it will be made in compliance with the Takeovers Code and the Listing Rules and further announcement(s) will be made accordingly.

Listing status of the Company

As set out in the letter from CLSA Limited in the Composite Document, the Offeror intends the Company to remain listed on the Stock Exchange following the close of the Offer.

As at the Latest Practicable Date, there are 1,026,402,946, or approximately 33.3% of the issued Shares, held by Shareholders other than the Offeror and its concert parties. According to the Listing Rules, if, at the close of the Offer, less than the minimum prescribed percentage applicable to the Company, being 25% of the issued Shares, are held by the public at all times, or if the Stock Exchange believes that: (a) a false market exists or may exist in the trading of the Shares; or (b) that there are insufficient Shares in public hands to maintain an orderly market, the Stock Exchange will consider exercising its discretion to suspend trading in the Shares until a level of sufficient public float is attained.

The directors of the Offeror and the New Directors to be appointed to the Board have jointly and severally undertaken to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares. The Offeror will use reasonable endeavours to maintain the listing status of the Shares on the Stock Exchange and procure that not less than the minimum prescribed percentage applicable to the Company, being 25%, of the issued Shares be held by the public in compliance with the Listing Rules.

DISCUSSION

The Group principally engages in building and operating the GS Superhighway and the Western Delta Route, through joint ventures. The two expressways together generate a stable and increasing toll revenue stream, but net profits in recent years have been affected by foreign exchange rate differences arising from foreign currency borrowings of the joint ventures. While the increase in the GDP of Guangdong Province and the registered car population generally fuels demand for transport infrastructure, government policy changes and the fact that the GS Superhighway has approached the last ten years of its operation period creates uncertainties for the prospects of the Group.

The Offer Price of HK$4.80 per Offer Share was set at slight discounts to shorter-term average prices of the Shares before the Last Trading Day, but represents a slight premium over longer-term average prices. The Offer Price is equal the closing price of HK$4.80 as at the Latest Practicable Date. While the Offer Price is not significantly different from the recent market price of the Shares, there is no guarantee that the price will be sustained following the close of the Offer, and downward pressure on the market price could result if a significant number of Shares is sold in the market. The Offer therefore represents an opportunity for Independent Shareholders to exit at a fixed cash price.

The Offer Price of HK$4.80 per Offer Share is equal to the price per Sale Share at which the Offeror acquired the Company's controlling interest, which was agreed based on arm's length negotiation. In evaluating the Offer Price, we have identified certain Comparable Companies which are engaged in toll operations. The P/E ratio and P/B ratio as represented by the Offer Price of approximately 20.9 times and 2.4 times respectively are higher than the ratios of the Comparable Companies, which we consider favourable to Shareholders. The dividend yield (taking into account the special dividend) as represented by the Offer Price is higher than the mean and median dividend yield of the Comparable Companies, but the current pay-out ratio of the Company is significantly higher than that of the Comparable Companies, and the Offeror currently has no intention to introduce major changes to the Group's dividend policy. Given the above, we consider the P/E ratio and P/B ratio analyses provide more relevant bases of analysis, and we are of the view that the Offer Price is fair and reasonable so far as the Independent Shareholders are concerned.

The Offeror is controlled by SIHC, an investment holding institution empowered by the Shenzhen Municipal Government. SIHC also owns two other companies listed on the Stock Exchange engaged in toll operations in the region. The intentions of the Offeror for the Group are set out in the letter from CLSA Limited in the Composite Document, which includes the continuation of the existing business operations of the Group and further promotion of the use of the two expressways. The New Directors will be appointed by the Offeror and existing Directors (other than Mr. Brian David Man Bun LI) intend to resign. The Offeror intends the Company to remain listed after the close of the Offer, and undertakings have been made to the Stock Exchange by the directors of the Offeror and the New Directors to be appointed to ensure sufficient public float.

OPINION AND RECOMMENDATION

Based on the above principal factors and reasons, we consider the terms of the Offer are fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we advise the Independent Board Committee to recommend the Independent Shareholders to accept the Offer.

Since the publication of the Joint Announcement, the Shares have been trading in general slightly lower than the Offer Price, closing at HK$4.80 as at the Latest Practicable Date. The Independent Shareholders who are unsure of the future prospects of the Company may consider taking the opportunity to dispose of some or all of their Shares. Such Independent Shareholders should monitor the market price and the trading liquidity of the Shares closely during the Offer Period; if the proceeds of selling in the market (net of costs) would be higher than the net proceeds receivable under the Offer, the Independent Shareholders should sell their Shares in the open market instead of accepting the Offer.

The Independent Shareholders who are attracted to the future of the Company under the management of the Offeror may consider retaining some or all of their Shares. Such Independent Shareholders should bear in mind that although the Offeror has undertaken to maintain the listing of the Shares, there is a possibility of a suspension in trading in the Shares following the close of the Offer if the minimum prescribed public float percentage applicable to the Company of 25% is not met. The directors of the Offeror and the New Directors to be appointed to the Board have jointly and severally undertaken to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares.

Yours faithfully,
for and on behalf of
SOMERLEY CAPITAL LIMITED
John Wong
Director

Mr. John Wong is a licensed person registered with the SFC and a responsible officer of Somerley, which is licensed under the SFO to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities. He has over ten years of experience in the corporate finance industry.

1. GENERAL PROCEDURES FOR ACCEPTANCE OF THE OFFER

To accept the Offer, you should complete and sign the accompanying Form of Acceptance and Transfer in accordance with the instructions printed thereon, which instructions form part of the terms of the Offer.

(a) If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Share(s) is/are in your name, and you wish to accept the Offer, you must send the duly completed Form of Acceptance and Transfer together with the relevant share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof), by post or by hand, to the Registrar at Computershare Hong Kong Investor Services Limited at Shops 1712–1716, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong in an envelope marked "**Hopewell Highway Infrastructure Limited Share Offer**" to be received by the Registrar no later than 4:00 p.m. on the Closing Date or such later time and/or date as may be determined by the Offeror and announced with the consent of the Executive in accordance with the Takeovers Code.

(b) If you are holding Shares traded in HKD (Stock code: 737) and/or RMB (Stock code: 80737), you should insert the correct number of Shares held by you on the respective counter(s) and to be transferred by you to the Offeror pursuant to the Offer in the corresponding boxes of the Form of Acceptance and Transfer. If no number is inserted or a number inserted is greater or smaller than those physical Share(s) tendered for acceptance of the Offer in respect of Shares traded in HKD (Stock Code: 737) and/or RMB (Stock Code: 80737), the Form of Acceptance and Transfer will be returned to you for correction and resubmission. Any corrected Form of Acceptance and Transfer must be resubmitted and received by the Registrar on or before the latest time of acceptance of the Offer.

(c) If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are in the name of a nominee company or a name other than your own, and you wish to accept the Offer in respect of your Shares, you must either:

    (i) lodge your share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) with the nominee company, or other nominee, with instructions authorising it to accept the Offer on your behalf and requesting it to deliver the duly completed Form of Acceptance and Transfer together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof), by post or by hand, to the Registrar; or

(ii) arrange for the Shares to be registered in your name by the Company through the Registrar, and send the duly completed Form of Acceptance and Transfer together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof), by post or by hand, to the Registrar; or

(iii) if your Shares have been lodged with your licensed securities dealer/registered institution in securities/custodian bank through CCASS, instruct your licensed securities dealer/registered institution in securities/custodian bank to authorise HKSCC Nominees Limited to accept the Offer on your behalf on or before the deadline set by HKSCC Nominees Limited. In order to meet the deadline set by HKSCC Nominees Limited, you should check with your licensed securities dealer/registered institution in securities/custodian bank for the timing on processing of your instruction, and submit your instruction to your licensed securities dealer/registered institution in securities/custodian bank as required by them; or

(iv) if your Shares have been lodged with your investor participant's account maintained with CCASS, authorise your instruction via the CCASS Phone System or CCASS Internet System on or before the deadline set by HKSCC Nominees Limited.

(d) If the share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are not readily available and/or is/are lost and you wish to accept the Offer in respect of your Shares, the Form of Acceptance and Transfer should nevertheless be completed and delivered to the Registrar together with a letter stating that you have lost one or more of your share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) or that it/they is/are not readily available. If you find such document(s) or if it/they become(s) available, the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) should be forwarded to the Registrar as soon as possible thereafter. If you have lost your share certificate(s), you should also write to the Registrar for a letter of indemnity which, when completed in accordance with the instructions given, should be returned to the Registrar.

(e) If you have lodged transfer(s) of any of your Shares for registration in your name and have not yet received your share certificate(s), and you wish to accept the Offer in respect of your Shares, you should nevertheless complete the Form of Acceptance and Transfer and deliver it to the Registrar together with the transfer receipt(s) duly signed by yourself. Such action will be deemed to be an irrevocable authority to CLSA Limited and/or the Offeror or their respective agent(s) to collect from the Registrar on your behalf the relevant share certificate(s) when issued and to deliver such certificate(s) to the Registrar as if it was/they were delivered to the Registrar with the Form of Acceptance and Transfer.

(f) Acceptance of the Offer will be treated as valid only if the completed Form of Acceptance and Transfer is/are received by the Registrar no later than 4:00 p.m. on the Closing Date or such later time and/or date as may be determined by the Offeror and announced with the consent of the Executive in accordance to the Takeovers Code and the Registrar has recorded that the acceptance and the relevant documents as required under this paragraph have been so received, and is:

(i) accompanied by the relevant share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and, if the share certificate(s) is/are not in your name, such other documents in order to establish your right to become the registered holder of the relevant Shares; or

(ii) from a registered Shareholder or his/her/its personal representative (but only up to the amount of the registered holding and only to the extent that the acceptance relates to Shares which are not taken into account under another sub-paragraph of this paragraph (f)); or

(iii) certified by the Registrar or the Stock Exchange.

(g) If the Form of Acceptance and Transfer is executed by a person other than the registered Shareholder, appropriate documentary evidence of authority to the satisfaction of the Registrar must be produced.

(h) The seller's ad valorem stamp duty for transfer of Shares registered in the seller's name by the Company through the Registrar arising in connection with acceptance of the Offer will be payable by the relevant Independent Shareholders at a rate of 0.1% of the amount payable in respect of the relevant acceptances of the Offer or (if higher) the value of the Offer Shares as determined by the Collector of Stamp Revenue under the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong), and will be deducted from the amount payable to the Independent Shareholders on acceptance of the Offer. The Offeror will arrange for payment of the seller's ad valorem stamp duty on behalf of the relevant Independent Shareholders accepting the Offer and will pay the buyer's ad valorem stamp duty in connection with the acceptances of the Offer and the transfer of the Offer Shares in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).

(i) No acknowledgement of receipt of any Form of Acceptance and Transfer, share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) will be given.

2. ACCEPTANCE PERIOD AND REVISIONS

(a) Unless the Offer has previously been revised or extended with the consent of the Executive in accordance with the Takeovers Code, the Form of Acceptance and Transfer must be received by 4:00 p.m. on the Closing Date in accordance with the instructions printed on the relevant Form of Acceptance and Transfer, and the Offer will be closed at 4:00 p.m. on the Closing Date.

(b) In the event that the Offeror decides to extend the Offer, at least 14 days' notice by way of announcement will be given, before the latest time and date for acceptance of the Offer, to those Independent Shareholders who have not accepted the Offer.

(c) If the Offeror revises the terms of the Offer, all Independent Shareholders, whether or not they have already accepted the Offer, will be entitled to the revised terms. The revised Offer must be kept open for at least 14 days following the date on which the composite offer and response document in respect of the revised Offer is posted.

(d) If the Closing Date is extended, any reference in this Composite Document and in the Form of Acceptance and Transfer to the Closing Date shall, except where the context otherwise requires, be deemed to refer to the Closing Date so extended.

3. ANNOUNCEMENT

(a) As required under Rule 19 of the Takeovers Code, by 6:00 p.m. on the Closing Date (or such later time and/or date as the Executive may in exceptional circumstances permit), the Offeror must inform the Executive and the Stock Exchange of its decision in relation to the revision, extension or expiry of the Offer. The Offeror must publish an announcement in accordance with the requirements of the Listing Rules by 7:00 p.m. on the Closing Date stating whether the Offer has been extended, revised or has expired.

Such announcement must state the following:

(i) the total number of Shares and rights over Shares for which acceptances of the Offer have been received;

(ii) the total number of Shares and rights over Shares held, controlled or directed by the Offeror and parties acting in concert with it before the Offer Period;

(iii) the total number of Shares and rights over Shares acquired or agreed to be acquired by the Offeror and parties acting in concert with it during the Offer Period;

(iv) details of any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company which the Offeror or any party acting in concert with it has borrowed or lent, save for any borrowed Shares which have been either on-lent or sold; and

(v) the percentages of the relevant classes of issued share capital of the Company, and the percentages of voting rights of the Company, represented by these numbers.

(b) In computing the total number of Shares for which acceptances of the Offer have been received, only valid acceptances in complete and good order which have been received by the Registrar no later than 4:00 p.m. on the Closing Date, being the latest time and date for acceptance of the Offer, shall be included.

(c) As required under the Takeovers Code, all announcements in relation to the Offer must be made in accordance with the requirements of the Takeovers Code and the Listing Rules.

4. RIGHT OF WITHDRAWAL

(a) Acceptance of the Offer tendered by the Independent Shareholders shall be irrevocable and cannot be withdrawn, except in the circumstances set out in sub-paragraph (b) below.

(b) If the Offeror is unable to comply with the requirements set out in paragraph 3 headed "Announcement" in this appendix, the Executive may, pursuant to Rule 19.2 of the Takeovers Code, require that the Independent Shareholders who have tendered acceptance of the Offer be granted a right of withdrawal on terms that are acceptable to the Executive until the requirements of Rule 19 of the Takeovers Code can be met.

Save as aforesaid, acceptances of the Offer shall be irrevocable and not capable of being withdrawn, except as permitted under the Takeovers Code. By accepting the Offer, the Independent Shareholders will sell their Shares (as the case may be) to the Offeror free from all Encumbrances together with all rights attached thereto, including but not limited to all rights to any dividend or other distribution declared, made or paid on or after the date on which the Offer are made, being the date of the despatch of this Composite Document.

5. SETTLEMENT OF THE OFFER

(a) Provided that the accompanying Form of Acceptance and Transfer for the Shares, together with the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) are valid, complete and in good order and have been received by the Registrar no later than 4:00 p.m. on the Closing Date, a cheque for the amount due to each accepting Independent Shareholders in respect of the Shares tendered under the Offer, less the seller's ad valorem stamp duty payable by him/her/it, will be despatched to the accepting Independent Shareholder by ordinary post at his/her/its own risk as soon as possible but in any event within seven Business Days following the date on which all the relevant documents are received by the Registrar to render such acceptance complete and valid.

(b) Settlement of the consideration to which any accepting Independent Shareholders are entitled under the Offer will be implemented in full in accordance with the terms of the Offer (save with respect to the payment of seller's ad valorem stamp duty), without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against such Independent Shareholders.

6. OVERSEAS INDEPENDENT SHAREHOLDERS

(a) The making of the Offer to or the acceptance thereof by a person with a registered address in a jurisdiction outside Hong Kong may be affected by the applicable laws of the relevant jurisdiction. The Overseas Independent Shareholders who wish to participate in the Offer but with a registered address outside Hong Kong are subject to, and may be limited by, the laws and regulations of their respective jurisdictions in connection with their participation in the Offer. Overseas Independent Shareholders who are citizens, residents or nationals of a jurisdiction outside Hong Kong should obtain information about and observe relevant applicable legal or regulatory requirements and, where necessary, seek legal advice in respect of the Offer.

(b) Prospective investors and the Independent Shareholders (including the Overseas Independent Shareholders) should note that the approval of the securities commission in a jurisdiction outside of Hong Kong has not been sought for the Offer and this Composite Document and the accompanying Form of Acceptance and Transfer have not been nor will they be deposited or registered with the securities commission in a jurisdiction outside of Hong Kong. It is the responsibility of the Overseas Independent Shareholders who wish to accept the Offer to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection with the acceptance of the Offer (including the obtaining of any governmental or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes due in respect of such jurisdictions).

(c) Acceptance of the Offer by any Overseas Independent Shareholders will be deemed to constitute a representation and warranty by such person that such person is permitted under all applicable laws and regulations to receive and accept the Offer and any revision thereof, and such acceptance shall be valid and binding in accordance with all applicable laws and regulations. Any such person is recommended to seek professional advice on deciding whether or not to accept the Offer.

(d) This Composite Document contains certain historical information relating to the Offeror and the Company. Past information is not a reliable indication of future predictions and prospective investors and the Independent Shareholders (including the Overseas Independent Shareholders) should consider carefully the importance placed on such information.

7. TAX IMPLICATIONS

Independent Shareholders are (including the Overseas Independent Shareholders) recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of their acceptances of the Offer. It is emphasised that none of the Offeror, SIHC and parties acting in concert with any of them, the Company, CLSA Limited, the Registrar or any of their respective ultimate beneficial owners, directors, officers, advisers, associates, agents or any persons involved in the Offer is in a position to advise the

Independent Shareholders on their individual tax implications, nor do they accept responsibility for any taxation effects on, or liabilities of, any person or persons as a result of their acceptance of the Offer.

8. GENERAL

(a) All communications, notices, Form of Acceptance and Transfer, share certificate(s), transfer receipt(s), other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and remittances to settle the consideration payable under the Offer to be delivered by or sent to or from the accepting Independent Shareholders will be delivered by or sent to or from them, or their designated agents, by ordinary post at their own risk, and none of the Offeror, SIHC and parties acting in concert with any of them, the Company and any of their respective ultimate beneficial owners, CLSA Limited, CLSA Capital Markets, Somerley, Deloitte, the Registrar or other parties involved in the Offer or any of their respective agents accepts any liability for any loss in postage or any other liabilities that may arise as a result thereof.

(b) Acceptance of the Offer by any person or persons will be deemed to constitute a warranty by such person or persons to the Offeror that the Shares tendered under the Offer are fully paid and sold by such person or persons free from all Encumbrances together with all rights and benefits at any time accruing and attaching to them, including, without limitation, the rights to receive all dividends, distributions or any return of capital declared, made or paid on or after the posting of the Composite Document.

(c) Acceptance of the Offer by any nominee will be deemed to constitute a warranty by such nominee to the Offeror that the number of Shares in respect of which it is indicated in the Form of Acceptance and Transfer is the aggregate number of Shares held by such nominee for such beneficial owners who accept the Offer.

(d) The provisions set out in the accompanying Form of Acceptance and Transfer form part of the terms of the Offer.

(e) The accidental omission to despatch this Composite Document and/or the accompanying Form of Acceptance and Transfer or either of them to any person to whom the Offer is made shall not invalidate the Offer in any way.

(f) The Offer and all acceptances will be governed by and construed in accordance with the laws of Hong Kong.

(g) Due execution of the Form of Acceptance and Transfer will constitute an authority to the Offeror, CLSA Limited or such person or persons as either of them may direct to complete and execute any document on behalf of the person accepting the Offer, and to do any other act that may be necessary or expedient for the purpose of vesting in the Offeror, or such person or persons as it may direct the Shares in respect of which such person has accepted the Offer.

(h) The Offer is made in accordance with the Takeovers Code.

(i) References to the Offer in this Composite Document and in the Form of Acceptance and Transfer shall include any extension and/or revision thereof.

(j) In making their decision as to whether to accept the Offer, the Independent Shareholders must rely on their own assessment of the Offeror, the Company and the terms of the Offer, including the merits and risks involved. The contents of this Composite Document, including any general advice or recommendation contained herein, and the Form of Acceptance and Transfer are not to be construed as any legal or business advice. The Independent Shareholders should consult their own professional advisers for advice.

(k) The English text of this Composite Document and of the accompanying Form of Acceptance and Transfer shall prevail over their respective Chinese text in case of inconsistencies.

1. FINANCIAL SUMMARY

Set out below is the summary of the audited consolidated financial results of the Group for each of the three financial years ended 30 June 2015, 2016 and 2017 and the unaudited condensed consolidated financial results of the Group for the six months ended 31 December 2017 as extracted from the published financial statements of the Group for the relevant periods.

	Year ended 30 June			Six months ended 31 December
	2015	**2016**	**2017**	**2017**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
	(Audited)	(Audited)	(Audited)	(Unaudited)
Share of results joint ventures	545,396	556,178	680,353	381,088
Profit before tax	571,842	551,577	668,626	386,367
Income tax expense	(42,081)	(31,086)	(37,033)	(22,153)
Profit for the year/period	529,761	520,491	631,593	364,214
Profit for the year/period attributable to:				
Owners of the Company	519,644	511,332	622,671	358,852
Non-controlling interests	10,117	9,159	8,922	5,362
	529,761	520,491	631,593	364,214
	RMB	*RMB*	*RMB*	*RMB*
Earnings per share — Basic & diluted	16.86 cents	16.59 cents	20.21 cents	11.64 cents
Dividends	1,072,428,000	1,744,237,000	930,670,000	—
Dividends per share	34.80 cents	56.60 cents	30.20 cents	—

	As at 30 June			As at 31 December
	2015	**2016**	**2017**	**2017**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
	(Audited)	(Audited)	(Audited)	(Unaudited)
Total assets	7,685,141	6,854,084	5,648,660	5,327,533
Total liabilities	(386,047)	(134,910)	(91,499)	(83,960)
Net assets	7,299,094	6,719,174	5,557,161	5,243,573
Equity attributable to owners of the Company	7,247,297	6,672,620	5,526,335	5,207,385
Non-controlling interests	51,797	46,554	30,826	36,188
Total equity	7,299,094	6,719,174	5,557,161	5,243,573

The consolidated financial statements of the Group for the years ended 30 June 2015, 2016 and 2017 were audited by Deloitte Touche Tohmatsu and no qualified opinion was issued.

The Company had no items which are exceptional because of size, nature or incidence for each of the financial years ended 30 June 2015, 2016 and 2017.

2. AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP

Set out below is the financial information of the Group as extracted from the published audited consolidated financial statements of the Group for the year ended 30 June 2017 as set forth in the annual report of the Company for the year ended 30 June 2017.

Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the year ended 30 June 2017

	NOTES	2016 *RMB'000*	2017 *RMB'000*	2016 *HK$'000*	2017 *HK$'000*
				(FOR INFORMATION PURPOSE ONLY)	
Other income	6	39,543	29,060	48,221	33,135
Depreciation		(190)	(190)	(229)	(218)
General and administrative expenses		(40,161)	(40,578)	(48,475)	(46,296)
Finance costs	7	(3,793)	(19)	(4,617)	(22)
Share of results of joint ventures	8	556,178	680,353	669,260	776,308
Profit before tax		551,577	668,626	664,160	762,907
Income tax expense	9	(31,086)	(37,033)	(37,441)	(42,284)
Profit for the year	10	520,491	631,593	626,719	720,623
Other comprehensive (expense) income					
Item that will not be reclassified to profit or loss:					
Exchange loss arising on translation to presentation currency		–	–	(599,864)	(107,554)
Item that may be reclassified subsequently to profit or loss:					
Exchange (loss) gain arising on translation of foreign operations		(13,581)	7,793	–	–
Total comprehensive income for the year		506,910	639,386	26,855	613,069
Profit for the year attributable to:					
Owners of the Company		511,332	622,671	615,702	710,451
Non-controlling interests		9,159	8,922	11,017	10,172
		520,491	631,593	626,719	720,623
Total comprehensive income attributable to:					
Owners of the Company		497,751	630,464	19,845	603,427
Non-controlling interests		9,159	8,922	7,010	9,642
		506,910	639,386	26,855	613,069
		RMB cents	*RMB cents*	*HK cents*	*HK cents*
Earnings per share	13				
Basic and diluted		16.59	20.21	19.98	23.05

Consolidated Statement of Financial Position
As at 30 June 2017

	NOTES	2016 RMB'000	2017 RMB'000	2016 HK$'000 (FOR INFORMATION PURPOSE ONLY)	2017 HK$'000 (FOR INFORMATION PURPOSE ONLY)
ASSETS					
Non-current Assets					
Interests in joint ventures	16	6,176,025	5,171,922	7,207,421	5,958,054
Investment	17	4,785	4,785	5,585	5,513
Property and equipment	18	473	283	552	325
		6,181,283	5,176,990	7,213,558	5,963,892
Current Assets					
Deposits and prepayments		691	941	806	1,084
Dividend and other receivables	21	19,675	1,662	22,960	1,915
Bank balances and cash	22	652,435	469,067	761,392	540,365
		672,801	471,670	785,158	543,364
Total Assets		6,854,084	5,648,660	7,998,716	6,507,256
EQUITY AND LIABILITIES					
Capital and Reserves					
Share capital	23	270,603	270,603	308,169	308,169
Share premium and reserves		6,402,017	5,255,732	7,478,779	6,058,169
Equity attributable to owners of the Company		6,672,620	5,526,335	7,786,948	6,366,338
Non-controlling interests		46,554	30,826	54,328	35,511
Total Equity		6,719,174	5,557,161	7,841,276	6,401,849
Non-current Liability					
Deferred tax liability	25	127,412	80,215	148,690	92,408
Current Liability					
Payables and accruals		7,498	11,284	8,750	12,999
Total Liabilities		134,910	91,499	157,440	105,407
Total Equity and Liabilities		6,854,084	5,648,660	7,998,716	6,507,256
Cash and cash equivalents		652,435	469,067	761,392	540,365

Consolidated Statement of Changes in Equity

For the year ended 30 June 2017

	Attributable to owners of the Company								
	Share capital RMB'000	Share premium RMB'000	People's Republic of China ("PRC") statutory reserves RMB'000	Translation reserve RMB'000	Share option reserve RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total RMB'000
As at 1 July 2015	270,603	5,367,936	114,710	(947,760)	371	2,441,437	7,247,297	51,797	7,299,094
Exchange loss on translation of foreign operations	—	—	—	(13,581)	—	—	(13,581)	—	(13,581)
Profit for the year	—	—	—	—	—	511,332	511,332	9,159	520,491
Total comprehensive (expense) income for the year	—	—	—	(13,581)	—	511,332	497,751	9,159	506,910
Expiry of vested share options	—	—	—	—	(371)	371	—	—	—
Dividends recognised as distribution during the year *(Note 12)*	—	(721,212)	—	166,508	—	(517,724)	(1,072,428)	—	(1,072,428)
Dividends paid to non-controlling interests	—	—	—	—	—	—	—	(14,402)	(14,402)
As at 30 June 2016	270,603	4,646,724	114,710	(794,833)	—	2,435,416	6,672,620	46,554	6,719,174
Exchange gain on translation of foreign operations	—	—	—	7,793	—	—	7,793	—	7,793
Profit for the year	—	—	—	—	—	622,671	622,671	8,922	631,593
Total comprehensive income for the year	—	—	—	7,793	—	622,671	630,464	8,922	639,386
Dividends recognised as distribution during the year *(Note 12)*	—	(1,541,965)	—	287,703	—	(522,487)	(1,776,749)	—	(1,776,749)
Dividends paid to non-controlling interests	—	—	—	—	—	—	—	(24,650)	(24,650)
As at 30 June 2017	270,603	3,104,759	114,710	(499,337)	—	2,535,600	5,526,335	30,826	5,557,161

For the purpose of presenting the consolidated statement of changes in equity of the Group in Renminbi ("RMB") (the presentation currency of the Group), the equity transactions and accumulated earnings denominated in Hong Kong Dollar ("HKD") are translated at the exchange rates at the transaction dates. Before the change in functional currency of the Company from HKD to RMB during the year ended 30 June 2009, the exchange differences recognised in translation reserve represented the difference between the equity transactions and accumulated earnings translated at the exchange rates at the transaction dates and the assets and liabilities translated at the closing rates at the end of each reporting period. Subsequent to the change in functional currency of the Company, the exchange differences recognised in translation reserve represented translation of its foreign operations.

The special final dividend for the year ended 30 June 2016 of RMB40 cents (2016: for the year ended 30 June 2015 of RMB18 cents) per share amounting to approximately RMB1,254,262,000 (2016: RMB554,704,000) was distributed from the share premium arisen at the time before the change in functional currency of the Company from HKD to RMB. Accordingly, the share premium and the corresponding translation reserve had been debited by RMB1,541,965,000 (2016: RMB721,212,000) and credited by RMB287,703,000 (2016: RMB166,508,000) respectively.

Consolidated Statement of Changes in Equity

For the year ended 30 June 2017

(FOR INFORMATION PURPOSE ONLY)

	Attributable to owners of the Company								
	Share capital *HK$'000*	Share premium *HK$'000*	PRC statutory reserves *HK$'000*	Translation reserve *HK$'000*	Share option reserve *HK$'000*	Retained profits *HK$'000*	Total *HK$'000*	Non-controlling interests *HK$'000*	Total *HK$'000*
As at 1 July 2015	308,169	5,010,321	110,708	1,051,408	422	2,578,093	9,059,121	64,746	9,123,867
Exchange loss on translation to presentation currency	—	—	—	(595,857)	—	—	(595,857)	(4,007)	(599,864)
Profit for the year	—	—	—	—	—	615,702	615,702	11,017	626,719
Total comprehensive (expense) income for the year	—	—	—	(595,857)	—	615,702	19,845	7,010	26,855
Expiry of vested share options	—	—	—	—	(422)	422	—	—	—
Dividends recognised as distribution during the year *(Note 12)*	—	(671,359)	—	—	—	(620,659)	(1,292,018)	—	(1,292,018)
Dividends paid to non-controlling interests	—	—	—	—	—	—	—	(17,428)	(17,428)
As at 30 June 2016	308,169	4,338,962	110,708	455,551	—	2,573,558	7,786,948	54,328	7,841,276
Exchange loss on translation to presentation currency	—	—	—	(107,024)	—	—	(107,024)	(530)	(107,554)
Profit for the year	—	—	—	—	—	710,451	710,451	10,172	720,623
Total comprehensive (expense) income for the year	—	—	—	(107,024)	—	710,451	603,427	9,642	613,069
Dividends recognised as distribution during the year *(Note 12)*	—	(1,434,336)	—-	—	—	(589,701)	(2,024,037)	—	(2,024,037)
Dividends paid to non-controlling interests	—	—	—	—	—	—	—	(28,459)	(28,459)
As at 30 June 2017	308,169	2,904,626	110,708	348,527	—	2,694,308	6,366,338	35,511	6,401,849

The translation reserve represented (i) the accumulated net exchange difference arising on translation of foreign operations (i.e. operations with functional currency of RMB) to the presentation currency of the Group before the change in functional currency of the Company from HKD to RMB; and (ii) the accumulated net exchange difference arising on translation of the consolidated financial statements denominated in RMB, the functional currency of the Company, to the presentation currency of the Group after the change in functional currency of the Company.

Consolidated Statement of Cash Flows
For the year ended 30 June 2017

	2016	2017	2016	2017
	RMB'000	*RMB'000*	*HK$'000*	*HK$'000*
			(FOR INFORMATION PURPOSE ONLY)	
OPERATING ACTIVITIES				
Profit before tax	551,577	668,626	664,160	762,907
Adjustments for:				
Interest income	(36,035)	(23,539)	(43,914)	(26,950)
Interest expenses	2,211	—	2,693	—
Net exchange gain	(2,329)	(5,521)	(2,859)	(6,185)
Depreciation	190	190	229	218
Share of results of joint ventures	(556,178)	(680,353)	(669,260)	(776,308)
Operating cash flows before movements in working capital	(40,564)	(40,597)	(48,951)	(46,318)
Decrease (increase) in deposits and prepayments	615	(250)	718	(289)
Decrease (increase) in other receivables	552	(9)	664	(10)
(Decrease) increase in payables and accruals	(1,845)	3,786	(2,218)	4,361
Cash used in operations	(41,242)	(37,070)	(49,787)	(42,256)
Income taxes paid	(102)	—	(119)	—
NET CASH USED IN OPERATING ACTIVITIES	(41,344)	(37,070)	(49,906)	(42,256)
INVESTING ACTIVITIES				
Purchases of property and equipment	(402)	—	(492)	—
Registered capital contribution to a joint venture	(212,000)	—	(261,502)	—
Repayment of loans from a joint venture	788,000	—	965,288	—
Placement of time deposits with original maturity over three months	(353,200)	—	(441,221)	—
Withdrawal of time deposits with original maturity over three months	353,200	—	433,023	—
Dividends received from a joint venture (net of PRC withholding tax)	822,735	1,619,433	995,685	1,876,566
Interest received	62,238	22,361	75,886	25,593
Income tax paid for interest received	(4,478)	(7)	(5,246)	(8)
NET CASH FROM INVESTING ACTIVITIES	1,456,093	1,641,787	1,761,421	1,902,151

	2016	2017	2016	2017
	RMB'000	*RMB'000*	*HK$'000*	*HK$'000*
			(FOR INFORMATION PURPOSE ONLY)	
FINANCING ACTIVITIES				
New bank loans raised	369,453	—	445,000	—
Repayment of bank loans	(618,973)	—	(740,700)	—
Interest paid	(2,332)	—	(2,844)	—
Dividends paid to:				
- owners of the Company	(1,069,944)	(1,799,184)	(1,288,974)	(2,024,119)
- non-controlling interests of a subsidiary	(14,402)	(24,650)	(17,428)	(28,459)
NET CASH USED IN FINANCING ACTIVITIES	(1,336,198)	(1,823,834)	(1,604,946)	(2,052,578)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	78,551	(219,117)	106,569	(192,683)
CASH AND CASH EQUIVALENTS BROUGHT FORWARD	574,012	652,435	717,514	761,392
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	(128)	35,749	(62,691)	(28,344)
CASH AND CASH EQUIVALENTS CARRIED FORWARD	652,435	469,067	761,392	540,365

Note: Cash and cash equivalents comprise cash at banks and cash on hand, and deposits with banks subjected to insignificant risk of change in value, and with a maturity of three months or less from date of placing.

Notes to the Consolidated Financial Statements

Company's Statement of Financial Position
As at 30 June 2017

	NOTES	2016 RMB'000	2017 RMB'000	2016 HK$'000 (FOR INFORMATION PURPOSE ONLY)	2017 HK$'000 (FOR INFORMATION PURPOSE ONLY)
ASSETS					
Non-current Assets					
Investments in subsidiaries	15	2,467,110	2,470,059	2,879,117	2,845,508
Amount due from a subsidiary	19	1,398,165	1,435,903	1,631,658	1,654,160
		3,865,275	3,905,962	4,510,775	4,499,668
Current Assets					
Deposits and prepayments		224	252	262	291
Interest and other receivables		474	1,652	553	1,903
Amounts due from subsidiaries	20	283,588	241,200	330,947	277,862
Bank balances and cash	22	651,896	468,554	760,763	539,774
		936,182	711,658	1,092,525	819,830
Total Assets		4,801,457	4,617,620	5,603,300	5,319,498
EQUITY AND LIABILITIES					
Capital and Reserves					
Share capital	23	270,603	270,603	308,169	308,169
Share premium and reserves	24	4,522,994	3,521,842	5,285,959	4,060,726
		4,793,597	3,792,445	5,594,128	4,368,895
Current Liabilities					
Payables and accruals		4,161	4,746	4,856	5,468
Amounts due to subsidiaries	20	3,699	820,429	4,316	945,135
Total Liabilities		7,860	825,175	9,172	950,603
Total Equity and Liabilities		4,801,457	4,617,620	5,603,300	5,319,498
Cash and cash equivalents		651,896	468,554	760,763	539,774

1. General Information

Hopewell Highway Infrastructure Limited (the "Company") is an exempted company with limited liability incorporated in the Cayman Islands and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The Company's immediate holding company is Anber Investments Limited, a limited company incorporated in the British Virgin Islands. The Company's ultimate holding company is Hopewell Holdings Limited ("HHL"), a public limited company incorporated in Hong Kong whose shares are listed on the Stock Exchange.

The addresses of the registered office and principal place of business of the Company are disclosed in the section of corporate information in the annual report.

The Company is an investment holding company. Details of the principal activities of the principal subsidiaries and the joint ventures are set out in notes 28 and 16 respectively.

The Company's functional currency and presentation currency are RMB. The presentation of HKD amounts in these consolidated financial statements is for information purpose only.

2. Application of New and Amendments to International Financial Reporting Standards ("IFRSs")

Amendments to IFRSs that are mandatorily effective for the current year

The Group has applied the following amendments to IFRSs issued by International Accounting Standards Board for the first time in the current year:

IFRSs (Amendments)	Annual Improvements to IFRSs 2012–2014 Cycle
IFRS 10, IFRS 12 and IAS 28 (Amendments)	Investment Entities: Applying the Consolidation Exception
IFRS 11 (Amendments)	Accounting for Acquisitions of Interests in Joint Operations
IAS 1 (Amendments)	Disclosure Initiative
IAS 16 and IAS 38 (Amendments)	Clarification of Acceptable Methods of Depreciation and Amortisation
IAS 16 and IAS 41 (Amendments)	Agriculture: Bearer Plants

IAS 16 and IAS 38 (Amendments) Clarification of Acceptable Methods of Depreciation and Amortisation

The Group has applied the IAS 16 and IAS 38 (Amendments) "Clarification of Acceptable Methods of Depreciation and Amortisation" for the first time in the current year. IAS 38 (Amendments) "Intangible Assets" introduce a rebuttable presumption that revenue is not an appropriate basis for amortisation of an intangible asset. This presumption can only be rebutted in the following two limited circumstances:

(a) when the intangible asset is expressed as a measure of revenue, or

(b) when it can be demonstrated that revenue and consumption of the economic benefits of the intangible asset are highly correlated.

In addition, the amendments also clarify that in choosing an appropriate amortisation method an entity could determine the predominant limiting factor that is inherent in the intangible asset.

2. Application of New and Amendments to International Financial Reporting Standards ("IFRSs") *(Continued)*

Amendments to IFRSs that are mandatorily effective for the current year *(Continued)*

IAS 16 and IAS 38 (Amendments) Clarification of Acceptable Methods of Depreciation and Amortisation (Continued)

The Group has applied the amendments prospectively in the current year. The amendments have had no material impact on the financial position or performance of the Group upon adoption on 1 July 2016 as the Group has not used a revenue-based method for the calculation of amortisation of its intangible assets.

The application of the other amendments to IFRSs in the current year has had no material effect on the amounts reported and/or disclosures set out in these consolidated financial statements.

New and amendments to IFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to IFRSs that have been issued but are not yet effective:

IFRSs (Amendments)	Annual Improvements to IFRS Standards 2014–2016 Cycle[2]
IFRS 2 (Amendments)	Classification and Measurement of Share-based Payment Transactions[3]
IFRS 4 (Amendments)	Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts[3]
IFRS 9	Financial Instruments[3]
IFRS 10 and IAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[6]
IFRS 15	Revenue from Contracts with Customers and the related Amendments[3]
IFRS 16	Leases[4]
IFRS 17	Insurance Contracts[5]
IFRIC 22	Foreign Currency Transactions and Advance Consideration[2]
IFRIC 23	Uncertainty over Income Tax Treatments[4]
IAS 7 (Amendments)	Disclosure Initiative[1]
IAS 12 (Amendments)	Recognition of Deferred Tax Assets for Unrealised Losses[1]
IAS 40 (Amendments)	Transfers of Investment Property[3]

1 Effective for annual periods beginning on or after 1 January 2017
2 Effective for annual periods beginning on or after 1 January 2017 or 1 January 2018, as appropriate
3 Effective for annual periods beginning on or after 1 January 2018
4 Effective for annual periods beginning on or after 1 January 2019
5 Effective for annual periods beginning on or after 1 January 2021
6 Effective for annual periods beginning on or after a date to be determined

2. Application of New and Amendments to International Financial Reporting Standards ("IFRSs") *(Continued)*

New and amendments to IFRSs in issue but not yet effective *(Continued)*

IFRS 9 Financial Instruments

IFRS 9 introduces (i) new requirements for the classification and measurement of financial assets, financial liabilities, general hedge accounting and impairment requirements for financial assets (ii) impairment requirements for financial assets and (iii) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' measurement category for certain simple debt instruments.

The Group's available-for-sale investments, including those currently stated at cost less impairment, will either be measured as fair value through profit or loss or be designated as fair value through other comprehensive income (subject to fulfillment of the designation criteria). In addition, the expected credit loss model may result in early provision of credit losses which are not yet incurred in relation to the Group's financial assets measured at amortised cost.

IFRS 9 will be adopted in the Group's consolidated financial statements for the annual period beginning on 1 July 2018 and the application of IFRS 9 will not have significant impact on amounts reported in the consolidated financial statements.

Other than disclosed above, the Directors anticipate that the application of the other new and amendments to IFRSs will have no material impact on the results and the financial position of the Group.

3. Significant Accounting Policies

The consolidated financial statements have been prepared in accordance with the IFRSs. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

The principal accounting policies are set out below.

3. Significant Accounting Policies ***(Continued)***

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Investments in subsidiaries

In the Company's statement of financial position, investments in subsidiaries are stated at cost less any identified impairment.

Interests in joint ventures

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

3. Significant Accounting Policies *(Continued)*

Interests in joint ventures *(Continued)*

The results and assets and liabilities of joint ventures are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of joint ventures used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the joint venture. When the Group's share of losses of joint venture exceeds the Group's interest in that joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the joint venture.

The requirements of IAS 39 "Financial Instruments: Recognition and Measurement" are applied to determine whether it is necessary to recognise any impairment with respect to the Group's investment in a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 "Impairment of Assets" as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment recognised forms part of the carrying amount of the investment. Any reversal of that impairment is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Group has incurred additional development expenditure for the construction and development of the toll expressways operated by the joint ventures, which were not accounted for by those entities. Such cost are included in additional cost of investments in joint ventures and are amortised over the joint venture period on the same basis as that adopted by the relevant joint ventures in respect of amortisation of its project cost, commencing from the date of operation of the project undertaken. On disposal of a joint venture, the attributable amount of the unamortised additional cost of investments is included in the determination of the profit or loss on disposal.

When a group entity transacts a sale or contribution of assets with a joint venture of the Group, profits and losses resulting from the transactions with the joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the joint venture that are not related to the Group.

Property and equipment

Property and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment, if any.

Depreciation is recognised so as to write off the cost of assets over their estimated useful lives, using the straight-line method. The estimated useful lives and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

3. Significant Accounting Policies *(Continued)*

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is recognised when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the Group and when specific criteria have been met for each of the Group's activities, as described below.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Dividend income from investments is recognised when the Group's rights to receive payment have been established.

Management fee income is recognised when the related services are provided.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Operating leases payment is recognised as an expense on a straight-line basis over the lease term.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purpose of presenting the consolidated financial statements of the Group in RMB, the assets and liabilities of the Group's foreign operations are translated into RMB using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement that includes a foreign operations of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

3. **Significant Accounting Policies** ***(Continued)***

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised as expenses in profit or loss in the period in which they are incurred.

Retirement benefit costs

Payments to defined contribution retirement benefit schemes and the Mandatory Provident Fund Scheme (the ''MPF Scheme'') are recognised as an expense when employees have rendered service entitling them to the contributions.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on the taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the consolidated statement of profit or loss and other comprehensive income because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liabilities for current tax is calculated using tax rates that have been enacted or substantially enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

3. Significant Accounting Policies *(Continued)*

Taxation *(Continued)*

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of such asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Financial assets

Financial assets are classified as loans and receivables and available-for-sale financial assets. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments.

Loans and receivables

Loans and receivables (including dividend and other receivables, amounts due from subsidiaries, bank balances and cash) are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment (see accounting policy on impairment of financial assets below).

3. Significant Accounting Policies *(Continued)*

Financial instruments *(Continued)*

Financial assets (Continued)

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated as available-for-sale or are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at fair value through profit or loss.

Dividends on available-for-sale equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established.

Available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost less any identified impairment at the end of each reporting period (see the accounting policy in respect of impairment on financial assets below).

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For financial assets carried at amortised cost, the amount of the impairment recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial assets' original effective interest rate.

For financial assets carried at cost, the amount of the impairment is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment directly for all financial assets with the exception of amounts due from subsidiaries and dividend and other receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When the amounts due from subsidiaries and dividend and other receivable are considered uncollectible, they are written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

3. Significant Accounting Policies *(Continued)*

Financial instruments *(Continued)*

Financial assets (Continued)

Impairment of financial assets (Continued)

For financial assets carried at amortised cost, if in a subsequent period, the amount of the impairment decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of available-for-sale equity investments, impairment previously recognised in profit or loss are not reversed through profit or loss.

Financial liabilities and equity instruments

Debts and equity instruments issued by a group entity are classified as either financial liabilities or as equity instruments in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by a group entity are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

Financial liabilities (including payables and accruals and amounts due to subsidiaries) are subsequently measured at amortised cost using the effective interest method.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and point paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit and loss.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

3. Significant Accounting Policies *(Continued)*

Provision

Provision is recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

Equity-settled share-based payment transactions

Equity-settled share-based payments to employees and other providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 23.

The fair value of services received, determined by reference to the fair value of share options and awarded shares granted at the grant date, is expensed as staff costs on a straight-line basis over the vesting period, with a corresponding increase in equity (share option reserve).

At the end of the reporting period, the Group revises its estimates of the number of share options and the awarded shares that are expected to ultimately vest. The impact of the revision of the original estimates during the vesting period, if any, is recognised in profit or loss such that the cumulative expenses reflects the revised estimate, with a corresponding adjustment to share option reserve.

When the share options are exercised, the amount previously recognised in share option reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share option reserve will be transferred to retained profits.

Impairment on tangible assets

At the end of the reporting period, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risk specific to the asset for which the estimates of future cash flows have not been adjusted.

3. **Significant Accounting Policies** ***(Continued)***

Impairment on tangible assets ***(Continued)***
If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. An impairment is recognised immediately in profit or loss.

Where an impairment subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised for the asset (or a cash-generating unit) in prior years. A reversal of an impairment is recognised immediately in profit or loss.

4. **Critical Accounting Judgements and Key Sources of Estimation Uncertainty**

In the application of the Group's accounting policies, which are described in note 3, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying accounting policies
The following are the criterial judgements, apart from those involving estimations, that the Directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Classification of Guangzhou-Shenzhen-Zhuhai Superhighway Company Limited ("GS Superhighway JV") and Guangdong Guangzhou-Zhuhai West Superhighway Company Limited ("West Route JV") as joint ventures
Both GS Superhighway JV and West Route JV are limited liability companies whose legal form confers separation between the parties to the joint arrangement and the Company itself. Furthermore, there are no contractual arrangements or any other facts and circumstances that specify that the parties to the joint arrangement have rights to the assets and obligations for the liabilities of the joint arrangement. Accordingly, GS Superhighway JV and West Route JV are classified as joint ventures of the Group. Details are set out in note 16.

4. Critical Accounting Judgements and Key Sources of Estimation Uncertainty *(Continued)*

Key sources of estimation uncertainty

The Group makes estimates and assumptions concerning the future. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below:

Interests in joint ventures/share of results of joint ventures

(i) Amortisation of concession intangible assets of the joint ventures

Amortisation of concession intangible assets of the joint ventures of the Group is calculated based on units-of-usage basis, i.e. the ratio of actual traffic volume of the underlying toll expressways for a particular period over the total expected traffic volume of the underlying toll expressways over the remaining concession periods of the service concession agreements. The total expected traffic volume over the remaining concession period was estimated by the management with reference to a report prepared by a third party traffic consultant in prior year taken into consideration of various factors such as the annual growth rate of the traffic volume, the actual traffic volume in the recent periods, the change of the transportation network of the region and government policies relating to the toll expressway operation in the PRC. As part of the established policy of the Group, the management has reviewed the total expected traffic volume at the end of the reporting periods. Adjustments may need to be made to the carrying amounts of concession intangible assets should there be a material difference between the total expected traffic volume and the actual results.

As at 30 June 2017, the interests in joint ventures amounted to RMB5,171,922,000 (approximately HK$5,958,054,000) (2016: RMB6,176,025,000 (approximately HK$7,207,421,000)) and the share of results of joint ventures for the year then ended amounted to RMB680,353,000 (approximately HK$776,308,000) (2016: RMB556,178,000 (approximately HK$669,260,000)). Included in the share of results of joint ventures was an amount of RMB592,754,000 (approximately HK$675,815,000) (2016: RMB521,789,000 (approximately HK$627,042,000)), which represented the share of amortisation of concession intangible assets of the joint ventures of the Group. The management considers that the amortisation is calculated by reference to the best estimates of the total expected traffic volumes of the underlying toll expressways and they should not be materially different from the actual traffic volumes in future. The current year amortisation of concession intangible assets is more (2016: less) than the amortisation estimated in the prior financial year based on the then expected traffic volumes for future financial years an d the effect on share of results of joint ventures is approximate to RMB 11, 711, 000 (approximately HK$13,491,000) (2016: RMB17,485,000 (approximately HK$20,405,000)).

(ii) Resurfacing obligations of the joint ventures

The joint ventures of the Group have contractual obligations under the contractual service arrangements to maintain the toll expressways to a specified level of serviceability over the respective concession periods. These obligations to maintain or restore the toll expressways, except for upgrade services, are to be recognised and measured as resurfacing obligations. Resurfacing obligations had been made at the present value of expenditures expected to be incurred by the joint ventures to settle the obligations.

4. Critical Accounting Judgements and Key Sources of Estimation Uncertainty *(Continued)*

Key sources of estimation uncertainty *(Continued)*
Interests in joint ventures/share of results of joint ventures *(Continued)*

(ii) Resurfacing obligations of the joint ventures (Continued)

As at 30 June 2017, the interests in joint ventures amounted to RMB5,171,922,000 (approximately HK$5,958,054,000) (2016: RMB6,176,025,000 (approximately HK$7,207,421,000)) and the share of results of joint ventures for the year then ended by the Group amounted to RMB680,353,000 (approximately HK$776,308,000) (2016: RMB556,178,000 (approximately HK$669,260,000)). Included in the interests in joint ventures, an amount of RMB179,787,000 (approximately HK$207,115,000) (2016: RMB149,406,000 (approximately HK$174,356,000)), which represented the provision for the resurfacing obligations of joint ventures of the Group.

The amount expected to be required to settle the obligations at the end of the reporting period is determined based on the number of major resurfacing works to be undertaken over the concession periods under the service concession agreements and the expected costs to be incurred for each event. The costs are then discounted to the present value based on a pre-tax discount rate.

The expected costs for maintenance and resurfacing and the timing of such events to take place involve estimates made by the management, which were based on the resurfacing plans of the Group, historical costs incurred for similar activities and the latest quotations from the service provider.

If the expected expenditures, resurfacing plans and discount rate were different from the management's current estimates, the change in resurfacing obligations is required to be accounted for prospectively.

The management are of the view that the discount rate currently used in the current estimate should reflect the time value of money and the risks specific to the obligations.

(iii) Income taxes of a joint venture

As at 30 June 2017, as included in interests in joint ventures, an amount of RMB54,533,000 (approximately HK$62,822,000) (2016: RMB67,293,000 (approximately HK$78,531,000)) represents the deferred tax asset of a joint venture in relation to its unused tax losses. The realisability of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future. If the actual future profits generated are less than expected, a reversal of deferred tax assets may arise, which would be recognised in profit or loss for the period in which such a reversal takes place.

5. Segment Information

The Group's reportable and operating segments are determined based on information reported to the chief operating decision maker for the purpose of resource allocation and performance assessment.

Information reported to the chief operating decision maker, including segment revenue, earnings before interest, tax, depreciation and amortisation ("EBITDA"), depreciation and amortisation, interest and tax, and segment results, is more specifically focused on individual toll expressways projects jointly operated and managed by the Group and the relevant joint venture partner. Accordingly, the Group's reporting and operating segments under IFRS 8 "Operating Segments" are therefore as follows:

— Guangzhou-Shenzhen Superhighway ("GS Superhighway")
— Western Delta Route

Starting from the year ended 30 June 2017, the management simplified disclosure to reflect full operation of Western Delta Route as a whole instead of separated as Phases I, II and III of the Western Delta Route. The comparative figures have been restated for consistent presentation purpose.

Information regarding the above segments is reported below.

Segment revenue and results

	2016					2017				
	Segment revenue	EBITDA	Depreciation and amortisation	Interest and tax	Segment results	Segment revenue	EBITDA	Depreciation and amortisation	Interest and tax	Segment results
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
GS Superhighway	1,479,816	1,261,771	(414,320)	(276,685)	570,766	1,560,590	1,343,096	(460,490)	(324,108)	558,498
Western Delta Route	522,108	442,905	(181,722)	(221,257)	39,926	598,673	515,856	(210,161)	(198,386)	107,309
Total	2,001,924	1,704,676	(596,042)	(497,942)	610,692	2,159,263	1,858,952	(670,651)	(522,494)	665,807
Corporate interest income from bank deposits					26,869					23,539
Corporate interest income from loans made by the Group to a joint venture					9,166					–
Other income					1,179					–
Corporate general and administrative expenses and depreciation					(40,351)					(40,768)
Corporate finance costs					(3,793)					(19)
Corporate income tax expense					(1,244)					(7)
Net exchange loss (net of related income tax) (Note)					(82,027)					(16,959)
Profit for the year					520,491					631,593
Profit for the year attributable to non-controlling interests					(9,159)					(8,922)
Profit for the year attributable to owners of the Company					511,332					622,671

Note: Net exchange loss (net of related income tax) is composed of the Group's share of the net exchange loss (net of related income tax) of a joint venture of RMB22,480,000 (2016: RMB84,356,000) and the net exchange gain of the Group of RMB5,521,000 (2016: RMB2,329,000).

5. Segment Information *(Continued)*

Segment revenue and results *(Continued)*
(FOR INFORMATION PURPOSE ONLY)

	2016					2017				
	Segment revenue	EBITDA	Depreciation and amortisation	Interest and tax	Segment results	Segment revenue	EBITDA	Depreciation and amortisation	Interest and tax	Segment results
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
GS Superhighway	1,779,673	1,517,226	(498,181)	(332,801)	686,244	1,779,681	1,531,445	(525,081)	(369,679)	636,685
Western Delta Route	627,777	532,621	(218,068)	(266,428)	48,125	682,726	588,608	(239,528)	(226,385)	122,695
Total	2,407,450	2,049,847	(716,249)	(599,229)	734,369	2,462,407	2,120,053	(764,609)	(596,064)	759,380
Corporate interest income from bank deposits					32,566					26,950
Corporate interest income from loans made by the Group to a joint venture					11,348					–
Other income					1,448					–
Corporate general and administrative expenses and depreciation					(48,704)					(46,514)
Corporate finance costs					(4,617)					(22)
Corporate income tax expense					(1,539)					(8)
Net exchange loss (net of related income tax) (Note)					(98,152)					(19,163)
Profit for the year					626,719					720,623
Profit for the year attributable to non-controlling interests					(11,017)					(10,172)
Profit for the year attributable to owners of the Company					615,702					710,451

Note: Net exchange loss (net of related income tax) is composed of the Group's share of the net exchange loss (net of related income tax) of a joint venture of HK$25,348,000 (2016: HK$101,011,000) and the net exchange gain of the Group of HK$6,185,000 (2016: HK$2,859,000).

The segment revenue represents the Group's share of joint ventures' toll revenue received and receivable (net of business tax/value-added tax) from the operations of toll expressways in the PRC based on the profit-sharing ratios specified in the relevant joint venture agreements. All of the segment revenue reported above is earned from external customers.

The EBITDA, depreciation and amortisation, and interest and tax represent the Group's share of joint ventures' EBITDA, depreciation and amortisation, and interest and tax from the operations of toll expressways in the PRC before net exchange gain/loss, based on the profit-sharing ratios specified in the relevant joint venture agreements.

The segment results represent (i) the Group's share of joint ventures' results from the operations of toll expressways in the PRC before net exchange gain/loss (net of related income tax) based on the profit-sharing ratios specified in the relevant joint venture agreements, (ii) net of the withholding tax attributed to the dividend received from and the undistributed earnings of the joint ventures and (iii) amortisation of additional cost of investment in joint ventures. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and performance assessment.

5. Segment Information *(Continued)*

Segment revenue and results *(Continued)*

The total segment results can be reconciled to the share of results of joint ventures as presented in consolidated statement of profit or loss and other comprehensive income as follows:

	2016	**2017**	**2016**	**2017**
	RMB'000	*RMB'000*	*HK$'000*	*HK$'000*
			(FOR INFORMATION PURPOSE ONLY)	
Total segment results	610,692	665,807	734,369	759,380
Add:				
Net exchange loss (net of related income tax)	(84,356)	(22,480)	(101,011)	(25,348)
Withholding tax attributed to the dividend received from and the undistributed earnings of the joint ventures (Note 9)	29,842	37,026	35,902	42,276
Share of results of joint ventures as presented in consolidated statement of profit or loss and other comprehensive income	556,178	680,353	669,260	776,308

Other segment information

The below other segment information, included in the measure of segment profit or loss, represents the Group's share of interest income of the joint ventures. Such amount relating to the joint ventures are eliminated under equity method of accounting to reconcile from "Segment total" to "Consolidated total".

Year	**GS Superhighway**	**Western Delta Route**	**Segment total**	**Elimination**	**Unallocated**	**Consolidated total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
2016	2,603	1,278	3,881	(3,881)	36,035	36,035
2017	2,015	723	2,738	(2,738)	23,539	23,539

(FOR INFORMATION PURPOSE ONLY)

Year	**GS Superhighway**	**Western Delta Route**	**Segment total**	**Elimination**	**Unallocated**	**Consolidated total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
2016	3,106	1,535	4,641	(4,641)	43,914	43,914
2017	2,309	821	3,130	(3,130)	26,950	26,950

5. Segment Information *(Continued)*

Geographical information

The operations of the Group's joint ventures are located in the PRC. All of the joint ventures' revenue from external customers was generated from the services provided in the PRC and the location of the non-current assets excluding interests in joint ventures and investment amounting to RMB283,000 (approximately HK$325,000) (2016: RMB473,000 (approximately HK$552,000)) are in Hong Kong.

Segment assets and liabilities

Segment assets and liabilities are not disclosed in the consolidated financial statements as they are not regularly provided to chief operating decision maker for the purpose of resource allocation and performance assessment.

6. Other Income

	2016	**2017**	**2016**	**2017**
	RMB'000	*RMB'000*	*HK$'000*	*HK$'000*
			(FOR INFORMATION PURPOSE ONLY)	
Interest income from:				
Bank deposits	26,869	23,539	32,566	26,950
Loans made by the Group to a joint venture (Note)	9,166	—	11,348	—
Net exchange gain	2,329	5,521	2,859	6,185
Management fee income from joint ventures	1,164	—	1,429	—
Others	15	—	19	—
	39,543	29,060	48,221	33,135

Note: Loans made by the Group to a joint venture with principal amounts of RMB788,000,000 carried interest at fixed rate of 5.75% per annum and was repaid during the year ended 30 June 2016.

7. Finance Costs

	2016	**2017**	**2016**	**2017**
	RMB'000	*RMB'000*	*HK$'000*	*HK$'000*
			(FOR INFORMATION PURPOSE ONLY)	
Interests on bank loans (Note)	2,211	—	2,693	—
Other financial expenses	1,582	19	1,924	22
	3,793	19	4,617	22

Note: The bank loans carried interests at prevailing commercial lending rates ranging from 0.78% to 1.41% per annum and were repaid during the year ended 30 June 2016.

8. Share of Results of Joint Ventures

	2016	2017	2016	2017
	RMB'000	*RMB'000*	*HK$'000*	*HK$'000*
			(FOR INFORMATION PURPOSE ONLY)	
Share of results of joint ventures before share of imputed interest expenses incurred by a joint venture on interest-free registered capital contributions made by the Group and amortisation of additional cost of investments in joint ventures	636,683	767,736	766,064	875,955
Amortisation of additional cost of investments in joint ventures	(80,505)	(87,383)	(96,804)	(99,647)
Share of imputed interest expenses incurred by a joint venture on interest-free registered capital contributions made by the Group	(38,456)	(45,098)	(46,240)	(51,428)
Imputed interest income recognised by the Group on interest-free registered capital contributions made by the Group	38,456	45,098	46,240	51,428
	556,178	680,353	669,260	776,308

9. Income Tax Expense

	2016	2017	2016	2017
	RMB'000	*RMB'000*	*HK$'000*	*HK$'000*
			(FOR INFORMATION PURPOSE ONLY)	
The tax charge comprises:				
PRC Enterprise Income Tax ("EIT")	41,009	84,230	49,698	97,710
Deferred tax (Note 25)	(9,923)	(47,197)	(12,257)	(55,426)
	31,086	37,033	37,441	42,284

No provision for Hong Kong Profits Tax has been made as there was no assessable profit derived from or arising in Hong Kong for both years.

The EIT charge of the Group for the year ended 30 June 2017 included an amount of RMB84,223,000 (approximately HK$97,702,000) (2016: RMB39,765,000 (approximately HK$48,159,000)) representing the 5% withholding tax imposed on dividends declared during the year by a joint venture of the Group of which the corresponding amount had already been provided for deferred tax in prior years in respect of undistributed earnings of a joint venture.

9. Income Tax Expense *(Continued)*

The income tax expense for the year can be reconciled to the profit before tax per consolidated statement of profit or loss and other comprehensive income as follows:

	2016 *RMB'000*	**2017** *RMB'000*	**2016** *HK$'000* *(FOR INFORMATION PURPOSE ONLY)*	**2017** *HK$'000*
Profit before tax	551,577	668,626	664,160	762,907
Tax at normal PRC income tax rate of 25% (2016: 25%)	137,894	167,157	166,040	190,727
Effect of different tax rates on income tax expense	(1,317)	(17)	(1,629)	(19)
Tax effect of income not taxable for tax purposes	(6,755)	(7,242)	(8,188)	(8,258)
Tax effect of expenses not deductible for tax purposes	10,467	10,197	12,631	11,635
Tax effect of share of results of joint ventures	(139,045)	(170,088)	(167,315)	(194,077)
Deferred tax on undistributed earnings of the joint ventures (Note 25)	(9,923)	(47,197)	(12,257)	(55,426)
Withholding tax on earnings distributed by a joint venture	39,765	84,223	48,159	97,702
Income tax expense	31,086	37,033	37,441	42,284

10. Profit for the Year

	2016 *RMB'000*	**2017** *RMB'000*	**2016** *HK$'000* *(FOR INFORMATION PURPOSE ONLY)*	**2017** *HK$'000*
Profit for the year has been arrived at after charging:				
Auditor's remuneration	1,325	1,404	1,602	1,602
Directors' emoluments (Note 11)	20,226	15,359	24,344	17,475
Other staff costs	11,202	16,202	13,577	18,533
Total staff costs	31,428	31,561	37,921	36,008
Depreciation of property and equipment	190	190	229	218

11. Directors' and Five Highest Paid Individuals' Emoluments

Directors' emoluments

The emoluments paid or payable to each of the 8 (2016: 9) Directors were as follows:

	2016					2017				
	Directors' fees	Salaries and other benefits	Discretionary bonus	Contributions to retirement benefits plans	Total	Directors' fees	Salaries and other benefits	Discretionary bonus	Contributions to retirement benefits plans	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Sir Gordon Ying Sheung WU	248	1,513	–	–	1,761	263	1,602	–	–	1,865
Eddie Ping Chang HO	207	1,210	396	–	1,813	219	1,281	422	–	1,922
Thomas Jefferson WU	165	3,567	1,107	15	4,854	175	3,782	1,796	16	5,769
Alan Chi Hung CHAN (Note a)	165	3,041	935	15	4,156	175	3,232	995	16	4,418
Cheng Hui JIA (Note b)	109	4,025	2,448	–	6,582	–	–	–	–	–
Chung Kwong POON	348	–	–	–	348	368	–	–	–	368
Yuk Keung IP	348	–	–	–	348	368	–	–	–	368
Brian David Man Bun LI (Note c)	321	–	–	–	321	342	–	–	–	342
Alexander Lanson LIN (Note d)	43	–	–	–	43	307	–	–	–	307
	1,954	13,356	4,886	30	20,226	2,217	9,897	3,213	32	15,359

(FOR INFORMATION PURPOSE ONLY)

	2016					2017				
	Directors' fees	Salaries and other benefits	Discretionary bonus	Contributions to retirement benefits plans	Total	Directors' fees	Salaries and other benefits	Discretionary bonus	Contributions to retirement benefits plans	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Sir Gordon Ying Sheung WU	300	1,828	–	–	2,128	300	1,829	–	–	2,129
Eddie Ping Chang HO	250	1,463	475	–	2,188	250	1,463	475	–	2,188
Thomas Jefferson WU	200	4,313	1,327	18	5,858	200	4,313	2,023	18	6,554
Alan Chi Hung CHAN (Note a)	200	3,677	1,121	18	5,016	200	3,685	1,121	18	5,024
Cheng Hui JIA (Note b)	133	4,843	2,900	–	7,876	–	–	–	–	–
Chung Kwong POON	420	–	–	–	420	420	–	–	–	420
Yuk Keung IP	420	–	–	–	420	420	–	–	–	420
Brian David Man Bun LI (Note c)	387	–	–	–	387	390	–	–	–	390
Alexander Lanson LIN (Note d)	51	–	–	–	51	350	–	–	–	350
	2,361	16,124	5,823	36	24,344	2,530	11,290	3,619	36	17,475

Notes:

a. Mr. Alan Chi Hung CHAN ceased to act as a member of the Remuneration Committee on 26 August 2015. He waived his additional director's fee for acting as a member of the Remuneration Committee for the period from 1 July 2015 to 25 August 2015.

b. Mr. Cheng Hui JIA resigned as an Executive Director with effect from 1 March 2016 due to his retirement.

c. Mr. Brian David Man Bun LI was appointed to act as a member of the Remuneration Committee on 26 August 2015.

d. Mr. Alexander Lanson LIN was appointed as an Independent Non-executive Director on 9 May 2016.

11. Directors' and Five Highest Paid Individuals' Emoluments *(Continued)*

Five highest paid individuals' emoluments

Of the five individuals with the highest emoluments in the Group, 4 (2016: 5) were Directors whose details of their emoluments are disclosed above.

The emoluments of the remaining one (2016: nil) highest paid employee was as follow:

	2016	2017	2016	2017
	RMB'000	*RMB'000*	*HK$'000*	*HK$'000*
			(FOR INFORMATION PURPOSE ONLY)	
Salaries and other benefits	—	1,068	—	1,218
Discretionary bonus	—	121	—	138
Contributions to retirement benefits plans	—	16	—	18
	—	1,205	—	1,374

During the years ended 30 June 2016 and 30 June 2017, no emoluments were paid by the Group to any of the persons who are Directors or the five highest paid individuals of the Group as an inducement to join or upon joining the Group or as compensation for loss of office.

12. Dividends

	2016	2017	2016	2017
	RMB'000	*RMB'000*	*HK$'000*	*HK$'000*
			(FOR INFORMATION PURPOSE ONLY)	
Dividends paid and recognised as a distribution during the year:				
Interim dividend for the year ended 30 June 2017 paid of RMB8.6 cents (equivalent to HK9.59416 cents) (2016: for the year ended 30 June 2016 of RMB 8.4 cents (equivalent to HK9.97370 cents)) per share	258,862	275,647	307,359	295,662
Final dividend for the year ended 30 June 2016 paid of RMB8.2 cents (equivalent to HK9.54840 cents) (2016: for year ended 30 June 2015 paid of RMB8.4 cents (equivalent to HK10.16650 cents)) per share	258,862	246,840	313,300	294,039
Special final dividend for the year ended 30 June 2016 paid of RMB40 cents (equivalent to HK46.57760 cents) (2016: for year ended 30 June 2015 paid of RMB18 cents (equivalent to HK21.78540 cents)) per share	554,704	1,254,262	671,359	1,434,336
	1,072,428	1,776,749	1,292,018	2,024,037
Final dividend for year ended 30 June 2017 proposed of RMB11.6 cents (equivalent to HK13.58986 cents) (2016: for year ended 30 June 2016 of RMB8.2 cents (equivalent to HK9.54840 cents)) per share	252,699	357,476	294,252	418,797
Special final dividend for year ended 30 June 2017 proposed of RMB10 cents (equivalent to HK11.71540 cents) (2016: for year ended 30 June 2016 of RMB40 cents (equivalent to HK46.57760 cents)) per share	1,232,676	308,169	1,435,377	361,032
	1,485,375	665,645	1,729,629	779,829

A final dividend and special final dividend in respect of the year ended 30 June 2017 of RMB11.6 cents (equivalent to HK13.58986 cents) per share and RMB10 cents (equivalent to HK11.71540 cents) per share respectively are proposed by the Board of Directors. The dividends are subject to approval by shareholders at the forthcoming annual general meeting and have not been included as liabilities in these consolidated financial statements. The proposed final dividend and special final dividend are calculated based on the total number of issued shares at the date of approval of these consolidated financial statements.

13. Earnings per Share

The calculation of the basic and diluted earnings per share attributable to the owners of the Company is based on the following data:

	2016	2017	2016	2017
	RMB'000	*RMB'000*	*HK$'000*	*HK$'000*
			(FOR INFORMATION PURPOSE ONLY)	
Earnings for the purposes of basic and diluted earnings per share	511,332	622,671	615,702	710,451

	2016	2017
	Number of shares	**Number of shares**
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	3,081,690,283	3,081,690,283

The computation of diluted earnings per share for the year ended 30 June 2016 is under the assumption that there is no exercise of the Company's outstanding share options as the exercise price of those options higher than the average market price for shares for the period from 1 July 2015 up to the expiry date of the share options (i.e. 31 July 2015). The Group had no potentially dilutive ordinary shares in issue during the period from 1 August 2015 to 30 June 2016 and the year ended 30 June 2017.

14. Retirement Benefits Plans

The Group has established the MPF Scheme for its Hong Kong employees. The assets of the scheme are held separately in funds which are under the control of independent trustees. The retirement benefit scheme contributions charged to profit or loss represent contributions paid or payable by the Group to the scheme at 5% of each of the employees' monthly relevant income capped at HK$30,000. In addition, the PRC employees employed by the Group are members of the state-managed retirement benefit schemes operated by the PRC Government. The Group is required to contribute 18% of their payroll to the retirement benefit schemes to fund the benefits. The only obligation of the Group with respect to the retirement benefit schemes is to make the required contributions under the schemes. At 30 June 2017, there were no forfeited contributions available to reduce future obligations. The total contributions made by the Group to the MPF Scheme and the PRC retirement benefit schemes for the year are RMB799,000 (approximately HK$912,000) (2016: RMB876,000 (approximately HK$1,060,000)).

15. Investments in Subsidiaries

The Company

	2016	2017	2016	2017
	RMB'000	*RMB'000*	*HK$'000*	*HK$'000*
			(FOR INFORMATION PURPOSE ONLY)	
Investment in subsidiaries	1,816,650	1,816,650	2,120,031	2,092,781
Capital contributions to subsidiaries	650,460	653,409	759,086	752,727
	2,467,110	2,470,059	2,879,117	2,845,508

Particulars of the principal subsidiaries are set out in note 28.

16. Interests in Joint Ventures

The Group

	2016	2017	2016	2017
	RMB'000	*RMB'000*	*HK$'000*	*HK$'000*
			(FOR INFORMATION PURPOSE ONLY)	
Unlisted investments:				
At cost				
Cost of investment in a joint venture	2,020,789	2,020,789	2,358,261	2,327,949
Additional cost of investments	2,520,218	2,520,218	2,941,094	2,903,291
Share of results of joint ventures before share of imputed interest expenses incurred by a joint venture on interest-free registered capital contributions made by the Group (net of dividend received)	2,552,963	1,636,243	2,979,307	1,884,952
Less: Share of accumulated imputed interest expenses incurred by a joint venture on interest-free registered capital contributions made by the Group	(312,934)	(358,032)	(365,194)	(412,452)
Less: Accumulated amortisation of additional cost of investments	(1,346,656)	(1,434,039)	(1,571,547)	(1,652,013)
	5,434,380	4,385,179	6,341,921	5,051,727
At amortised cost				
Registered capital contribution, at nominal amount	2,449,500	2,449,500	2,858,567	2,821,824
Fair value adjustment on initial recognition	(2,020,789)	(2,020,789)	(2,358,261)	(2,327,949)
Accumulated imputed interest income recognised by the Group	312,934	358,032	365,194	412,452
	741,645	786,743	865,500	906,327
	6,176,025	5,171,922	7,207,421	5,958,054

16. Interests in Joint Ventures *(Continued)*

The Group *(Continued)*

Particulars of the Group's joint ventures as at 30 June 2016 and 30 June 2017 are as follows:

Name of company	Place of establishment and principal place of operation	Fully paid registered capital	Principal activity	Proportion of registered capital contribution	Proportion of voting rights held
廣深珠高速公路有限公司 Guangzhou-Shenzhen-Zhuhai Superhighway Company Limited	The PRC	Nil (Note i)	Development, operation and management of an expressway	Not applicable	50%
廣東廣珠西綫高速公路有限公司 Guangdong Guangzhou-Zhuhai West Superhighway Company Limited	The PRC	RMB4,899,000,000 (Note ii)	Development, operation and management of an expressway	50%	50%

Both joint ventures are sino-foreign co-operative joint venture enterprises established to invest in toll expressways projects in the PRC.

The principal terms of the joint venture agreements entered into between the relevant subsidiaries and the corresponding joint venture partner under which the joint ventures operate are as follows:

(i) GS Superhighway JV

GS Superhighway JV is established to undertake the development, operation and management of an expressway in Guangdong Province of the PRC running between Shenzhen and Guangzhou ("GS Superhighway"). The operation period is 30 years from the official opening date 1 July 1997. At the end of the operation period, all the immovable assets and facilities of GS Superhighway JV will revert to the PRC joint venture partner without compensation.

The Group's entitlement to the profit of the toll operations of GS Superhighway JV is 50% for the initial 10 years of operation period, 48% for the next 10 years and 45% for the last 10 years of the operation period.

The registered capital amounting to HK$702,000,000 (equivalent to RMB471,000,000) previously injected by the Group to GS Superhighway JV had been repaid to the Group by GS Superhighway JV during the year ended 30 June 2008.

(ii) West Route JV

West Route JV is established to undertake the development, operation and management of an expressway linking Guangzhou, Zhongshan and Zhuhai ("Western Delta Route") and was built in three phases.

Phase I West

The total investment for the Phase I West is RMB1,680,000,000, 35% of which was funded by the registered capital of West Route JV amounting to RMB588,000,000 which had been contributed by the Group and the PRC joint venture partner in equal share (i.e. each to contribute RMB294,000,000). The operation period for Phase I West is 30 years commencing from 17 September 2003.

16. Interests in Joint Ventures *(Continued)*

The Group *(Continued)*

(ii) West Route JV (Continued)

Phase II West

The initial estimated total investment for the Phase II West was RMB4,900,000,000, 35% of which was funded by an increase in the registered capital of West Route JV by RMB1,715,000,000 in total which had been contributed by the Group and the PRC joint venture partner in equal share (i.e. each to contribute RMB857,500,000).

During the year ended 30 June 2015, the Group entered into two amendment agreements with the PRC joint venture partner of West Route JV to increase the total investment of Phase II West by RMB1,210,000,000 in aggregate to RMB6,110,000,000. 35% of the increase in total investment was funded by additional registered capital of West Route JV by RMB424,000,000 in total which had been contributed by the Group and the PRC joint venture partner in equal share (i.e. each to contribute RMB212,000,000 (approximately HK$263,410,000)) during the year ended 30 June 2016.

During the year ended 30 June 2016, the Group entered into the third amendment agreement with the PRC joint venture partner of West Route JV to increase the total investment of Phase II West by RMB605,000,000 to RMB6,715,000,000. 35% of the increase in total investment was funded by additional registered capital of West Route JV amounting to RMB212,000,000 which had been contributed by the Group and the PRC joint venture partner in equal share (i.e. each to contributed RMB106,000,000 (approximately HK$129,214,000)).

The toll collection period for Phase II West is 25 years commencing from 25 June 2010.

Phase III West

The total investment for the Phase III West is RMB5,600,000,000, 35% of which was funded by an increase in the registered capital of West Route JV by RMB1,960,000,000 in total which had been contributed by the Group and the PRC joint venture partner in equal share (i.e. each to contribute RMB980,000,000). The toll collection period for Phase III West is 25 years commencing from 25 January 2013.

As at 30 June 2016 and 30 June 2017, the fully paid registered capital of West Route JV was RMB4,899,000,000.

The Group is entitled to 50% of the distributable profits from operation of West Route JV. At the end of the respective operation/toll collection periods of Phase I West, Phase II West and Phase III West, all the immovable assets and facilities of each phase will be reverted to relevant PRC governmental authority which regulates transportation without compensation. The registered capital contributions are required to be repaid to both the Group and the PRC joint venture partner. The repayments are required to be approved by the Board of Directors of West Route JV.

16. Interests in Joint Ventures *(Continued)*

The Group *(Continued)*

Summarised financial information of joint ventures

Summarised financial information in respect of the Group's joint ventures and reconciliation of the summarised financial information to the carrying amount of the interests in joint ventures recognised in the consolidated financial statements are set out below. The summarised financial information below represents amounts shown in the joint venture's financial statements prepared in accordance with IFRSs.

In respect of the years ended 30 June 2016 and 30 June 2017:

	2016			2017		
	GS Superhighway JV	West Route JV	Total	GS Superhighway JV	West Route JV	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Non-current Assets						
Property and equipment	442,671	506,952		433,569	449,184	
Concession intangible assets	8,687,492	12,710,801		8,141,371	12,388,255	
	9,130,163	13,217,753		8,574,940	12,837,439	
Current Assets						
Bank balance and cash						
— Cash and cash equivalents	391,047	100,150		740,085	122,764	
— Time deposits with original maturity over three months	50,000	—		50,000	—	
Others	77,176	30,326		42,577	20,457	
	518,223	130,476		832,662	143,221	
Non-current Liabilities						
Resurfacing obligations	(270,142)	(84,059)		(328,303)	(88,988)	
Non-current financial liabilities						
— Bank and other loans	(2,833,502)	(8,027,810)		(4,410,493)	(7,436,121)	
Others	(342,165)	(111,836)		(297,249)	(139,976)	
	(3,445,809)	(8,223,705)		(5,036,045)	(7,665,085)	
Current Liabilities						
Current financial liabilities						
— Bank loans	(105,805)	(28,500)		(357,857)	—	
— Dividend payable	(40,000)	—		—	—	
— Interest payable	(1,181)	(10,688)		(4,032)	(9,175)	
Others	(547,079)	(298,279)		(600,291)	(299,062)	
	(694,065)	(337,467)		(962,180)	(308,237)	
Net assets of joint ventures	5,508,512	4,787,057		3,409,377	5,007,338	
Proportion of the Group's interest	48%	50%		48%	50%	
Net assets shared by the Group	2,644,086	2,393,529	5,037,615	1,636,501	2,503,669	4,140,170
Effect of change in profit sharing ratio of a joint venture over the operation toll period	(35,152)	—	(35,152)	(54,427)	—	(54,427)
Net assets contributable to the Group	2,608,934	2,393,529	5,002,463	1,582,074	2,503,669	4,085,743
Carrying amount of additional cost of investments	1,135,908	37,654	1,173,562	1,049,040	37,139	1,086,179
Carrying amount of the Group's interests in joint ventures	3,744,842	2,431,183	6,176,025	2,631,114	2,540,808	5,171,922

16. Interests in Joint Ventures *(Continued)*

The Group ***(Continued)***
Summarised financial information of joint ventures (Continued)
(FOR INFORMATION PURPOSE ONLY)

	2016			2017		
	GS Superhighway JV	West Route JV	Total	GS Superhighway JV	West Route JV	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Non-current Assets						
Property and equipment	516,597	591,613		499,471	517,460	
Concession intangible assets	10,138,303	14,833,505		9,378,859	14,271,270	
	10,654,900	15,425,118		9,878,330	14,788,730	
Current Assets						
Bank balance and cash						
— Cash and cash equivalents	456,352	116,875		852,578	141,424	
— Time deposits with original maturity over three months	58,350	—		57,600	—	
Others	90,065	35,390		49,049	23,566	
	604,767	152,265		959,227	164,990	
Non-current Liabilities						
Resurfacing obligations	(315,256)	(98,097)		(378,205)	(102,514)	
Non-current financial liabilities						
— Bank and other loans	(3,306,697)	(9,368,454)		(5,080,888)	(8,566,411)	
Others	(399,306)	(130,513)		(342,431)	(161,252)	
	(4,021,259)	(9,597,064)		(5,801,524)	(8,830,177)	
Current Liabilities						
Current financial liabilities						
— Bank loans	(123,474)	(33,260)		(412,251)	—	
— Dividend payable	(46,680)	—		—	—	
— Interest payable	(1,378)	(12,473)		(4,645)	(10,570)	
Others	(638,441)	(348,092)		(691,535)	(344,519)	
	(809,973)	(393,825)		(1,108,431)	(355,089)	
Net assets of joint ventures	6,428,435	5,586,494		3,927,602	5,768,454	
Proportion of the Group's interest	48%	50%		48%	50%	
Net assets shared by the Group	3,085,649	2,793,247	5,878,896	1,885,249	2,884,227	4,769,476
Effect of change in profit sharing ratio of a joint venture over the operation period	(41,022)	—	(41,022)	(62,700)	—	(62,700)
Net assets contributable to the Group	3,044,627	2,793,247	5,837,874	1,822,549	2,884,227	4,706,776
Carrying amount of additional cost of investments	1,325,604	43,943	1,369,547	1,208,494	42,784	1,251,278
Carrying amount of the Group's interests in joint ventures	4,370,231	2,837,190	7,207,421	3,031,043	2,927,011	5,958,054

16. Interests in Joint Ventures *(Continued)*

The Group *(Continued)*
Summarised financial information of joint ventures (Continued)

	2016			2017		
	GS Superhighway JV	West Route JV	Total	GS Superhighway JV	West Route JV	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Toll revenue (net of business tax/value-added tax)	3,082,949	1,044,217		3,251,230	1,197,346	
Construction revenue	36,479	3,163		119,080	12,893	
Total revenue	3,119,428	1,047,380		3,370,310	1,210,239	
Construction costs	(36,479)	(3,163)		(119,080)	(12,893)	
Other income and other expense	(172,942)	30,087		12,697	38,195	
Provision of resurfacing charges	(47,300)	(22,808)		(66,465)	(9,833)	
Toll expressway operation expenses	(383,234)	(123,764)		(373,643)	(147,751)	
General and administrative expenses	(85,107)	(41,922)		(88,148)	(46,245)	
Depreciation and amortisation charges	(696,323)	(362,602)		(778,377)	(419,292)	
Finance costs	(33,796)	(442,515)		(130,315)	(359,109)	
Income tax expense (Note i)	(421,878)	—		(456,989)	(33,030)	
Profit for the year (Note ii)	1,242,369	80,693		1,369,990	220,281	
Proportion of the Group's interest	48%	50%		48%	50%	
Profit shared by the Group	596,337	40,346	636,683	657,595	110,141	767,736

(FOR INFORMATION PURPOSE ONLY)

	2016			2017		
	GS Superhighway JV	West Route JV	Total	GS Superhighway JV	West Route JV	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Toll revenue (net of business tax/ value-added tax)	3,707,651	1,255,555		3,707,669	1,365,451	
Construction revenue	42,571	3,691		137,181	14,853	
Total revenue	3,750,222	1,259,246		3,844,850	1,380,304	
Construction costs	(42,571)	(3,691)		(137,181)	(14,853)	
Other income and other expense	(206,969)	36,212		14,904	43,551	
Provision of resurfacing charges	(56,871)	(27,425)		(75,868)	(11,204)	
Toll expressway operation expenses	(461,088)	(148,762)		(426,162)	(167,973)	
General and administrative expenses	(102,423)	(50,338)		(100,446)	(52,609)	
Depreciation and amortisation charges	(837,254)	(435,127)		(887,543)	(477,883)	
Finance costs	(40,535)	(532,857)		(148,241)	(409,697)	
Income tax expenses (Note i)	(507,855)	—		(521,806)	(37,733)	
Profit for the year (Note ii)	1,494,656	97,258		1,562,507	251,903	
Proportion of the Group's interest	48%	50%		48%	50%	
Profit shared by the Group	717,435	48,629	766,064	750,003	125,952	875,955

Notes:

(i) The amount of income tax expenses for West Route JV represents deferred tax expenses.

(ii) Profit for the year of GS Superhighway JV included the amount of RMB46,834,000 (approximately HK$52,809,000) representing the net exchange loss (net of related income tax) (2016: RMB175,142,000 (approximately HK$210,440,000)).

17. Investment

The Group

The investment represents interest in unlisted limited company incorporated in the PRC and is classified as available-for-sale financial asset. It is measured at cost less impairment at the end of the reporting period.

18. Property and Equipment

The Group

	Motor vehicles	Furniture, fixtures and equipment	Total	Motor vehicles	Furniture, fixtures and equipment	Total
	RMB'000	*RMB'000*	*RMB'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(FOR INFORMATION PURPOSE ONLY)		
COST						
As at 1 July 2015	547	4,681	5,228	684	5,851	6,535
Exchange adjustments	—	—	—	(64)	(389)	(453)
Additions	326	76	402	400	92	492
Disposals/written off	—	(119)	(119)	—	(142)	(142)
As at 30 June 2016	873	4,638	5,511	1,020	5,412	6,432
Exchange adjustments	—	—	—	(14)	(69)	(83)
Disposals/written off	—	(20)	(20)	—	(24)	(24)
As at 30 June 2017	873	4,618	5,491	1,006	5,319	6,325
DEPRECIATION						
As at 1 July 2015	413	4,554	4,967	517	5,692	6,209
Exchange adjustments	—	—	—	(38)	(378)	(416)
Charge for the year	105	85	190	127	102	229
Eliminated on disposals/ written off	—	(119)	(119)	—	(142)	(142)
As at 30 June 2016	518	4,520	5,038	606	5,274	5,880
Exchange adjustments	—	—	—	(7)	(67)	(74)
Charge for the year	127	63	190	145	73	218
Eliminated on disposals/ written off	—	(20)	(20)	—	(24)	(24)
As at 30 June 2017	645	4,563	5,208	744	5,256	6,000
CARRYING AMOUNTS						
As at 30 June 2016	355	118	473	414	138	552
As at 30 June 2017	228	55	283	262	63	325

The above items of property and equipment are depreciated over their estimated useful lives of 3 to 5 years from the date on which they became available for their intended use using the straight-line method.

19. Amount Due from a Subsidiary

The Company

The amount due from a subsidiary classified under non-current assets is interest-free, unsecured and with no fixed repayment term. In the opinion of the Directors, based on their assessment as at 30 June 2016 and 30 June 2017 of the estimated future cash flows from a subsidiary, the amount due from a subsidiary will not be repayable within one year from the end of the reporting period, accordingly this amount is classified as non-current. The effective interest rate on the amount due from a subsidiary at the end of the reporting period ranged from 0.66% to 4.92% (2016: 0.66% to 4.92%) per annum, representing the borrowing rates of that subsidiary. As at 30 June 2017, the amount due from a subsidiary amounting to RMB582,339,000 (approximately HK$670,854,000) (2016: RMB557,898,000 (approximately HK$651,067,000)) are denominated in HKD and the remaining amount due from a subsidiary amounting to RMB853,564,000 (approximately HK$983,306,000) (2016: RMB840,267,000 (approximately HK$980,591,000)) are denominated in RMB.

20. Amounts Due from/to Subsidiaries

The Company

The current portion of amounts due from subsidiaries and the amounts due to subsidiaries are unsecured, interest-free and repayable on demand. As at 30 June 2017, amounts due from subsidiaries of RMB60,471,000 (approximately HK$69,662,000) (2016: RMB57,790,000 (approximately HK$67,441,000)) are denominated in HKD and the remaining amounts due from subsidiaries of RMB180,729,000 (approximately HK$208,200,000) (2016: RMB225,798,000 (approximately HK$263,506,000)) are denominated in RMB.

As at 30 June 2017, the amounts due to subsidiaries of RMB1,985,000 (approximately HK$2,287,000) (2016: RMB1,777,000 (approximately HK$2,073,000)) are denominated in HKD and remaining amounts due to subsidiaries of RMB818,444,000 (approximately HK$942,848,000) (2016: RMB1,922,000 (approximately HK$2,243,000)) are denominated in RMB.

21. Dividend and Other Receivables

The Group

The following is an analysis of the dividend and other receivables outstanding at the end of the reporting period:

	2016	**2017**	**2016**	**2017**
	RMB'000	*RMB'000*	*HK$'000*	*HK$'000*
			(FOR INFORMATION PURPOSE ONLY)	
Dividend receivable from a joint venture (Note)	19,200	—	22,406	—
Interest receivable	474	1,652	552	1,903
Others	1	10	2	12
	19,675	1,662	22,960	1,915

Note: During the year ended 30 June 2017, dividend declared by a joint venture to the Group amounting to RMB1,684,456,000 (approximately HK$1,954,044,000) (2016: RMB795,300,000 (approximately HK$963,184,000)).

22. Bank Balances and Cash

The Group

As at 30 June 2017, bank balances and cash include the time deposits with maturity of three months or less, bank balances and cash carry interest at market rates which range from 0.01% to 10.36% (2016: 0.01% to 5.24%) per annum.

Analysis of the bank balances and cash of the Group by currency:

	2016	**2017**	**2016**	**2017**
	RMB'000	*RMB'000*	*HK$'000*	*HK$'000*
			(FOR INFORMATION PURPOSE ONLY)	
RMB	651,787	468,190	760,635	539,355
HKD	624	860	728	990
United States dollars ("USD")	24	17	29	20
	652,435	469,067	761,392	540,365

The Company

As at 30 June 2017, bank balances and cash include the time deposits with maturity of three months or less, bank balances and cash carry interest at market rates which range from 0.01% to 10.36% (2016: 0.01% to 5.24%) per annum.

Analysis of the bank balances and cash of the Company by currency:

	2016	**2017**	**2016**	**2017**
	RMB'000	*RMB'000*	*HK$'000*	*HK$'000*
			(FOR INFORMATION PURPOSE ONLY)	
RMB	651,657	468,069	760,484	539,215
HKD	215	468	250	539
USD	24	17	29	20
	651,896	468,554	760,763	539,774

23. Share Capital

The Group and the Company

	Number of shares	Nominal amount
		HK$'000
Ordinary shares of HK$0.1 each		
Authorised:		
As at 1 July 2015, 30 June 2016 and 30 June 2017	10,000,000,000	1,000,000

	Number of shares	Nominal amount	
			Equivalent to
		HK$'000	*RMB'000*
Issued and fully paid:			
As at 1 July 2015, 30 June 2016 and 30 June 2017	3,081,690,283	308,169	270,603

Share option scheme

A share option scheme was approved by the written resolutions of the then sole shareholder of the Company passed on 16 July 2003 and approved by the shareholders of HHL at an extraordinary general meeting held on 16 July 2003 (the "2003 HHI Share Option Scheme"). The 2003 HHI Share Option Scheme shall be valid and effective for a period of ten years and the purpose of which is to provide the Company with a means of giving incentive to rewarding, remunerating, compensating and/or providing benefits to (i) any executive or non-executive directors including independent non-executive directors or any employees (whether full-time or part-time) of each member of the Group; (ii) any discretionary objects of a discretionary trust established by any employees, executive or non-executive directors of each member of the Group; (iii) any consultants, professionals and other advisers to each member of the Group; (iv) any chief executives, or substantial shareholders of the Company; (v) any associates of director, chief executives, or substantial shareholders of the Company; and (vi) any employees (whether full-time or part-time) of substantial shareholders of the Company and for such other purposes as the Board may approve from time to time.

Share options granted must be taken up within 28 days from the date of the offer letter upon payment of HK$1, payable as consideration on acceptance, which is recognised in profit or loss when received.

Upon the expiry of the 2003 HHI Share Option Scheme on 15 July 2013, no further options were granted but in all other respects the provisions of the 2003 HHI Share Option Scheme shall remain in full force and effect, and options which were granted during the life of the 2003 HHI Share Option Scheme may continue to be exercisable in accordance with their respective terms of issue.

23. Share Capital *(Continued)*

The Group and the Company *(Continued)*

Share option scheme (Continued)

The following table discloses the details of share options granted under the 2003 HHI Share Option Scheme by the Company to its Directors and employees at nominal consideration:

		Number of shares under options granted						
Date of grant	Subscription price per share	At 1 July 2015 Outstanding	Movements during the year			At 30 June 2016		Weighted average share price at the date of exercise
		Outstanding	Granted	Exercised	Lapsed	Outstanding	Exercisable	
	HK$							*HK$*
24 July 2008	5.8	400,000	–	–	(400,000)	–	–	N/A
Weighted average exercise price		HK$5.8	N/A	N/A	HK$5.8	N/A	N/A	

No share options under the 2003 HHI Share Option Scheme were granted, forfeited, vested or outstanding during year ended 30 June 2017.

The followings are the particulars of share options granted under the 2003 HHI Share Option Scheme:

Date of Grant	**Number of share options**	**Vesting period**	**Exercisable period**	**Exercise Price per share**
				HK$
24 July 2008	160,000	1 August 2008 to 31 July 2009	1 August 2009 to 31 July 2015	5.8
24 July 2008	160,000	1 August 2008 to 31 July 2010	1 August 2010 to 31 July 2015	5.8
24 July 2008	160,000	1 August 2008 to 31 July 2011	1 August 2011 to 31 July 2015	5.8
24 July 2008	160,000	1 August 2008 to 31 July 2012	1 August 2012 to 31 July 2015	5.8
24 July 2008	160,000	1 August 2008 to 31 July 2013	1 August 2013 to 31 July 2015	5.8

23. Share Capital *(Continued)*

The Group and the Company *(Continued)*

Share option scheme (Continued)

Share option expenses charged to the profit or loss are based on valuation determined using the Binomial model. Share options granted were valued based on the following assumptions:

Date of grant	Number of options granted	Fair values of options granted	Closing share price at date of grant	Exercise price	Expected volatility	Option life	Risk-free rate	Expected dividend yield	Suboptimal exercise factor
		HK$	*HK$*	*HK$*					
24 July 2008	800,000	843,000	5.8	5.8	25.94%	7 years	3.60%	4.66%	1.31

Expected volatility was determined by using the historical volatility of the Company's share price over the previous year. The effects of time to vest, non-transferability, exercise restrictions and behavioural considerations have been taken into account in the model. The variables and assumptions used in computing the fair value of the share options are based on the management's best estimate. The value of share options varies with different variables of certain subjective assumptions.

A new share option scheme was approved for adoption by both the shareholders of HHL and the Company effective on 22 October 2013 (the "2013 HHI Share Option Scheme"). The 2013 HHI Share Option Scheme shall be valid and effective for a period of ten years and the purpose of which is to provide the Company with an alternative means of giving incentive to rewarding, remunerating, compensating and/or providing benefits to (i) any director, chief executive or employee (whether full-time or part-time) of any member of the Group; (ii) any discretionary object of a discretionary trust established by any director, chief executive or employee (whether full-time or part-time) of any member of the Group; (iii) a company beneficially owned by any director, chief executive or employee (whether full-time or part-time) of any member of the Group; (iv) any consultant, professional and other adviser to any member of the Group or any consultant, professional and other adviser proposed to be appointed to any member of the Group (including any of their employees, partners, directors or executives); (v) any associates of any director, chief executive, or substantial shareholder of any member of the Group; and (vi) any director, chief executive or employee (whether full-time or part-time) of the HHL Group (excluding the Group) and for such other purposes as the Board may approve from time to time. No share options under the 2013 HHI Share Option Scheme were granted, forfeited, vested or outstanding in both years presented.

Share award scheme

On 25 January 2007, an employees' share award scheme ("HHI Share Award Scheme") was adopted by the Company. The HHI Share Award Scheme is valid and effective for a period of 15 years commencing from 25 January 2007. Pursuant to the rules of the HHI Share Award Scheme, the Company has set up a trust, HHI Employees' Share Award Scheme Trust, for the purpose of administering the HHI Share Award Scheme and holding the awarded shares before they are vested.

For awarded shares granted on 25 January 2007 according to the HHI Share Award Scheme, the awardees shall not dispose of, nor enter into any agreement to dispose of the relevant awarded shares in the 12-month period commencing on the vesting date thereof.

There were no awarded shares granted, forfeited, vested or outstanding in both years presented.

24. Share Premium and Reserves

The Company

The Company's reserves available for distribution represent the share premium and retained profits. Under the Companies Law Chapter 22 of the Cayman Islands, the share premium of the Company is available for paying distributions or dividends to shareholders subject to the provisions of its Memorandum or Articles of Association and provided that immediately following the distribution of a dividend, the Company is able to pay its debt as they fall due in the ordinary course of business. In accordance with the Company's Articles of Association, dividends can only be distributed out of the retained profits and share premium of the Company. As at 30 June 2017, the Company's reserves available for distribution to its shareholders amounting to RMB4,038,585,000 (approximately HK$3,969,757,000) (2016: RMB5,327,440,000 (approximately HK$5,116,629,000)), comprising retained profits of RMB933,826,000 (approximately HK$1,065,131,000) (2016: RMB680,716,000 (approximately HK$777,667,000)) and share premium of RMB3,104,759,000 (approximately HK$2,904,626,000) (2016: RMB4,646,724,000 (approximately HK$4,338,962,000)).

	Share premium *RMB'000*	Translation reserve *RMB'000* *(Note i)*	Share option reserve *RMB'000*	Retained profits *RMB'000*	Total *RMB'000*
As at 1 July 2015	5,367,936	(970,954)	371	900,419	5,297,772
Profit and total comprehensive income for the year	—	—	—	297,650	297,650
Expiry of vested share options	—	—	(371)	371	—
Dividends recognised as distribution during the year (Note 12)	(721,212)	166,508	—	(517,724)	(1,072,428)
As at 30 June 2016	4,646,724	(804,446)	—	680,716	4,522,994
Profit and total comprehensive income for the year	—	—	—	775,597	775,597
Dividends recognised as distribution during the year (Note 12)	(1,541,965)	287,703	—	(522,487)	(1,776,749)
As at 30 June 2017	3,104,759	(516,743)	—	933,826	3,521,842

24. Share Premium and Reserves *(Continued)*

The Company *(Continued)*
(FOR INFORMATION PURPOSE ONLY)

	Share premium *HK$'000*	Translation reserve *HK$'000* *(Note ii)*	Share option reserve *HK$'000*	Retained profits *HK$'000*	Total *HK$'000*
As at 1 July 2015	5,010,321	596,955	422	1,044,601	6,652,299
Exchange loss on translation to presentation currency	—	(427,625)	—	—	(427,625)
Profit for the year	—	—	—	353,303	353,303
Total comprehensive (expense) income for the year	—	(427,625)	—	353,303	(74,322)
Expiry of vested share options	—	—	(422)	422	—
Dividends recognised as distribution during the year (Note 12)	(671,359)	—	—	(620,659)	(1,292,018)
As at 30 June 2016	4,338,962	169,330	—	777,667	5,285,959
Exchange loss on translation to presentation currency	—	(78,361)	—	—	(78,361)
Profit for the year	—	—	—	877,165	877,165
Total comprehensive (expense) income for the year	—	(78,361)	—	877,165	798,804
Dividends recognised as distribution during the year (Note 12)	(1,434,336)	—	—	(589,701)	(2,024,037)
As at 30 June 2017	2,904,626	90,969	—	1,065,131	4,060,726

Notes:

(i) Before the change in functional currency of the Company from HKD to RMB during the year ended 30 June 2009, the exchange differences recognised in translation reserve represented the difference between the equity transactions and accumulated earnings translated at the exchange rates at the transaction dates and the assets and liabilities translated at the closing rates at the end of each reporting period.

The special final dividend for the year ended 30 June 2016 of RMB40 cents (2016: for the year ended 30 June 2015 of RMB18 cents) per share amounting to approximately RMB1,254,262,000 (2016: RMB554,704,000) was distributed from the share premium arisen at the time before the change in functional currency of the Company from HKD to RMB. Accordingly, the share premium and the corresponding translation reserve had been debited by RMB1,541,965,000 (2016: RMB721,212,000) and credited by RMB287,703,000 (2016: RMB166,508,000) respectively.

(ii) The translation reserve represented the accumulated net exchange difference arising on translation of the Company's financial statements denominated in RMB, the functional currency of the Company, to the presentation currency of the Company after the change in functional currency of the Company.

25. Deferred Tax Liability

The Group

The amount represents the deferred tax liability associated with the undistributed earnings of the joint ventures. The movement of deferred tax liability is as follows:

	RMB'000	*HK$'000 (FOR INFORMATION PURPOSE ONLY)*
As at 1 July 2015	137,335	171,668
Exchange adjustments	—	(10,721)
Charge to profit or loss	29,842	35,902
Release to profit or loss upon payment of withholding tax	(39,765)	(48,159)
As at 30 June 2016	127,412	148,690
Exchange adjustments	—	(856)
Charge to profit or loss	37,026	42,276
Release to profit or loss upon payment of withholding tax	(84,223)	(97,702)
As at 30 June 2017	80,215	92,408

26. Capital Risk Management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to owners through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from that of the prior years.

The capital structure of the Group consists of equity attributable to owners of the Company, comprising issued capital, share premium, retained profits and other reserves.

The Directors review the capital structure periodically. As part of this review, the Directors consider the cost of capital and the risks associated with each class of capital. The Group will balance its overall capital structure through the issue of new debt or the repayment of existing debt.

The Directors monitor the utilisation of bank loans and ensures full compliance with loan covenants during the year.

27. Financial Instruments

(a) Categories of financial instruments

	The Group			
	2016	**2017**	**2016**	**2017**
	RMB'000	*RMB'000*	*HK$'000*	*HK$'000*
			(FOR INFORMATION PURPOSE ONLY)	
Financial assets				
Loans and receivables including cash and cash equivalents	672,110	470,893	784,352	542,469
Available-for-sales financial asset	4,785	4,785	5,585	5,513
	676,895	475,678	789,937	547,982
Financial liabilities				
Amortised cost	4,460	6,746	5,205	7,771

(b) Financial risk management objectives and policies

The Directors have overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls to monitor risks and adherence to market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations. The Directors monitor and manage the financial risks relating to the operations of the Group to ensure appropriate measures are implemented on a timely and effective manner.

The Group employs a conservative strategy regarding its risk management and does not engage in trading of any financial instruments, including derivative financial instruments, for hedging or speculative purpose.

There has been no change to the Group's exposure to market risks or the manner in which it manages and measures.

27. Financial Instruments *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

(i) Foreign currency risk

The Group undertake certain transactions denominated in foreign currencies, hence exposure to exchange fluctuation arise. Certain of the financial assets and financial liabilities of the Group are denominated in HKD or USD which are currencies other than their respective functional currencies of the respective group entities. The Group manages its foreign currency risk by constantly monitoring the movement of the foreign exchange rates.

The carrying amounts of the foreign currency denominated monetary assets and monetary liabilities of the Group at the end of the reporting period are as follows:

	Assets				Liabilities			
	2016	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**	**2017**
	RMB'000	*RMB'000*	*HK$'000*	*HK$'000*	*RMB'000*	*RMB'000*	*HK$'000*	*HK$'000*
			(FOR INFORMATION PURPOSE ONLY)				*(FOR INFORMATION PURPOSE ONLY)*	
USD	24	17	29	20	—	—	—	—
HKD	625	864	730	995	4,455	6,064	5,199	6,986

The Group currently does not have a foreign currency hedging policy in respect of foreign currency exposure.

Sensitivity analysis

The foreign currency risk of the Group and a joint venture is mainly concentrated on the fluctuation of RMB, the functional currency of the Company, its subsidiaries and a joint venture as at 30 June 2017, against USD and HKD. The following sensitivity analysis includes currency risk related to USD and HKD denominated monetary items of respective group entities and the joint venture.

The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 5% change in foreign currency rate and all other variables are held constant.

As the carrying amounts of foreign currency denominated monetary assets and liabilities of the Group (excluding its joint ventures) were not significant, the Directors are of the opinion that the Group's exposures to foreign currency risk is minimal. Accordingly, no sensitivity analysis is presented.

As at 30 June 2017, a joint venture of the Group had outstanding bank loans and bank balances denominated in HKD and USD that are not the functional currency of a joint venture (i.e. RMB). The foreign currency risk associated with foreign currency borrowings exposed by a joint venture is reflected in the share of results of joint ventures. If exchange rate of RMB against HKD and USD had been strengthened/weakened by 5%, the profit for the year attributable to owners of the Company for the current year would increase/decrease by RMB48,458,000 (approximately HK$55,824,000) (2016: RMB49,169,000 (approximately HK$57,380,000)).

27. Financial Instruments *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

(ii) Interest rate risk

The cash flows interest rate risk of the Group relates primarily to variable rate bank balances with details as set out in note 22 and the variable rate bank loans and bank balances of its joint ventures.

The Group is exposed to fair value interest risk in relation to certain bank balances, with details as set out in note 22. The management continues to monitor the fair value interest rate exposure of the Group.

Sensitivity analysis

As at 30 June 2017, the Group (excluding its joint ventures) are exposed to cash flow interest rate in relation to the variable rate bank balances. If interest rate had been 100 (2016: 100) basis points higher/lower, the profit for the year attributable to owners of the Company for the current year would increase/decrease by RMB4,691,000 (approximately HK$5,404,000) (2016: RMB6,524,000 (approximately HK$7,614,000)).

As at 30 June 2017, the joint ventures of the Group are exposed to cash flow interest rate risk in relation to the variable rate bank balances and bank loans. If interest rate had been 100 (2016: 100) basis points higher/lower, the profit for the year attributable to owners of the Company for the current year would decrease/increase by RMB49,910,000 (approximately HK$57,496,000 (2016: RMB48,127,000 (approximately HK$56,164,000)).

(iii) Credit risk

The Group's credit risk is primarily attributable to its dividend and other receivables and bank balances.

At 30 June 2017, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective financial assets as stated in the consolidated statement of financial position.

The Group has significant concentration of credit risk in its dividend receivable from a joint venture. The management is responsible to exercise the joint control on the relevant activities of the joint ventures with a PRC joint venture partner to ensure the joint ventures maintaining favourable financial position in order to reduce such credit risk.

In addition, the management and the respective joint ventures are responsible for monitoring the procedures to ensure that follow-up actions are taken to recover overdue debts, in order to minimise other credit risks. The management is also responsible for reviewing the recoverable amount of each individual debt at the end of the reporting period to ensure that adequate impairment are made for irrecoverable amounts. In this regard, the Directors consider that the Group's credit risk is significantly reduced.

The credit risks of the Group on liquid funds are limited because the counterparties are banks with good reputation.

Other than the above, the Group has no other significant concentration of credit risk.

27. Financial Instruments *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

(iv) Liquidity risk

The Group's treasury activities are centralised to achieve better risk control and minimise the cost of funds. Cash is generally placed in bank deposits mostly denominated in RMB. The management aims to maintain a balance between continuity of adequate funding and the flexibility through the use of bank and other borrowings. The Group's liquidity and financing requirements are reviewed regularly to mitigate the effects of fluctuations in cash flows. The management will consider new financing while maintaining appropriate gearing ratio.

The carrying amounts of the financial liabilities represent the undiscounted cash flows that the Group is required to pay and are repayable on demand. All the financial liabilities are non-interest bearing.

(c) Fair value

The fair values of financial assets and financial liabilities are determined on a recurring basis in accordance with generally accepted pricing models based on discounted cash flow analysis.

The Directors consider that the carrying amounts of the financial assets and financial liabilities recognised at amortised cost in the consolidated financial statements approximate their fair values.

28. Particulars of Principal Subsidiaries

The following list contains the particulars of the subsidiaries of the Company at 30 June 2016 and 30 June 2017 which principally affect the results, assets or liabilities of the Group as the Directors are of the opinion that a full list of all the subsidiaries would be of excessive length. None of the subsidiaries had issued any debt securities during the year or at the end of the year.

Name of subsidiary	Place of incorporation	Issued and fully paid share	Attributable equity interest held by the Company	Proportion of voting power held by the Company	Principal activity
Kingnice (BVI) Limited (formerly known as Kingnice Limited)	British Virgin Islands	Ordinary shares US$20,000	97.5%	100%	Investment holding
Hopewell China Development (Superhighway) Limited	Hong Kong	Ordinary shares HK$2 Non-voting deferred shares HK$4	97.5% of issued ordinary shares	100%	Investment in expressway project
Hopewell Guangzhou-Zhuhai Superhighway Development Limited	Hong Kong	Ordinary shares HK$2 Non-voting deferred shares HK$2	100% of issued ordinary shares	100%	Investment in expressway project
HHI Finance Limited	Hong Kong	Ordinary share HK$1	100%	100%	Loan finance

Except HHI Finance Limited, all the above subsidiaries are indirectly held by the Company.

29. Operating Leases

The Group as lessee

	2016	**2017**	**2016**	**2017**
	RMB'000	*RMB'000*	*HK$'000*	*HK$'000*
			(FOR INFORMATION PURPOSE ONLY)	
Minimum lease payments paid under operating lease for premises during the year	1,152	1,261	1,394	1,439

At the end of the reporting period, the Group has commitments for future minimum lease payments under non-cancellable operating leases in respect of premises which fall due as follows:

	2016	**2017**	**2016**	**2017**
	RMB'000	*RMB'000*	*HK$'000*	*HK$'000*
			(FOR INFORMATION PURPOSE ONLY)	
Within one year	1,053	—	1,229	—

As at 30 June 2017, the Group does not have any negotiated lease agreement.

As at 30 June 2016, leases were negotiated for a lease term of one year and four months with fixed rentals.

30. Capital Commitments

As at 30 June 2016 and 30 June 2017, the Group has no outstanding capital commitment.

31. Related Party Transactions

Amounts due to and from related parties are disclosed in the consolidated statement of financial position and relevant notes. During the year ended 30 June 2017, the Group paid rentals, air-conditioning, management fee and car parking charges to fellow subsidiaries amounting to RMB1,414,000 (approximately HK$1,613,000) (2016: RMB1,459,000 (approximately HK$1,765,000)).

The registered capital amounting to HK$702,000,000 (equivalent to RMB471,000,000) previously injected by a subsidiary of the Company to GS Superhighway JV was repaid by GS Superhighway JV during the year ended 30 June 2008. According to the Law of the PRC on Chinese-foreign Contractual Joint Venture, in relation to the repayment of registered capital before the expiry of the joint venture operation period, the subsidiary of the Company, as the foreign joint venture partner, is required to undertake the financial obligations of GS Superhighway JV to the extent of HK$702,000,000 when GS Superhighway JV fails to meet its financial obligations during the joint venture operation period.

Compensation of key management personnel
The remuneration of key management personnel who are all Directors is disclosed in note 11.

32. Guarantee

As at 30 June 2017, the unutilised uncommitted banking facilities of the Company's wholly-owned subsidiary of RMB434,028,000 (approximately HK$500,000,000) (2016: RMB428,449,000 (approximately HK$500,000,000)) are guaranteed by the Company. The Company is able to control the utilisation of the facilities.

33. Approval of Financial Statements

The consolidated financial statements on page 107 to 158 were approved and authorised for issue by the Board of Directors on 16 August 2017.

Unaudited Consolidated Financial Information
(Prepared Under Proportionate Consolidation Method)

Consolidated Statement of Profit or Loss
For year ended 30 June 2017
(FOR INFORMATION PURPOSE ONLY)

	2016 *RMB'000*	2017 *RMB'000*	2016 *HK$'000*	2017 *HK$'000*
Toll revenue	2,001,924	2,159,263	2,407,450	2,462,407
Revenue on construction	19,091	63,605	22,280	73,273
Turnover	2,021,015	2,222,868	2,429,730	2,535,680
Other income and other expense (Note i)	(9,197)	76,801	(9,898)	87,778
Construction costs	(19,091)	(63,605)	(22,280)	(73,273)
Provision for resurfacing charges	(34,108)	(36,820)	(41,010)	(42,019)
Toll expressway operation expenses	(245,834)	(253,224)	(295,703)	(288,544)
General and administrative expenses	(101,974)	(106,011)	(122,807)	(120,814)
Depreciation and amortisation charges	(596,231)	(670,841)	(716,478)	(764,827)
Finance costs (Note ii)	(260,502)	(264,673)	(313,623)	(301,741)
Profit before tax	754,078	904,495	907,931	1,032,240
Income tax expense	(233,587)	(272,902)	(281,212)	(311,617)
Profit for the year	520,491	631,593	626,719	720,623
Profit for the year attributable to:				
Owners of the Company	511,332	622,671	615,702	710,451
Non-controlling interests	9,159	8,922	11,017	10,172
	520,491	631,593	626,719	720,623

Notes:

(i) Other Income and Other Expense

	2016 *RMB'000*	2017 *RMB'000*	2016 *HK$'000*	2017 *HK$'000*
Interest income from:				
Bank deposits	30,750	26,277	37,207	30,080
Loans made by the Group to a joint venture	9,166	—	11,348	—
Imputed interest income on interest-free registered capital contributions made by the Group to a joint venture	19,228	22,549	23,120	25,714
Net exchange loss	(110,145)	(24,453)	(131,822)	(27,613)
Rental income	28,560	26,941	34,288	30,706
Others	13,244	25,487	15,961	28,891
	(9,197)	76,801	(9,898)	87,778

(ii) Finance Costs

	2016 *RMB'000*	2017 *RMB'000*	2016 *HK$'000*	2017 *HK$'000*
Interest on:				
Bank loans	233,836	241,414	281,358	275,217
Loans made by the Group to a joint venture	4,583	—	5,674	—
Loans made by a joint venture partner to a joint venture	629	—	773	—
Imputed interest on:				
Interest-free registered capital contributions made by a joint venture partner	19,228	22,549	23,120	25,714
Others	515	550	620	627
	258,791	264,513	311,545	301,558
Other financial expenses	1,711	160	2,078	183
	260,502	264,673	313,623	301,741

Unaudited Consolidated Financial Information
(Prepared Under Proportionate Consolidation Method)

Consolidated Statement of Financial Position
As at 30 June 2017
(FOR INFORMATION PURPOSE ONLY)

	2016 *RMB'000*	**2017** *RMB'000*	**2016** *HK$'000*	**2017** *HK$'000*
ASSETS				
Non-current Assets				
Property and equipment	466,379	432,935	544,264	498,741
Concession intangible assets	11,631,547	11,101,501	13,574,016	12,788,929
Balance with a joint venture	370,822	393,372	432,749	453,164
Investment	4,785	4,785	5,585	5,513
	12,473,533	11,932,593	14,556,614	13,746,347
Current Assets				
Inventories	1,173	1,115	1,369	1,285
Deposits and prepayments	1,920	1,611	2,241	1,855
Interest and other receivables	55,703	35,966	65,006	41,433
Pledged bank balances and deposits of joint ventures	252,028	434,191	294,116	500,188
Bank balances and cash				
— The Group	652,435	469,067	761,392	540,365
— Joint ventures	9,750	6,431	11,377	7,409
	973,009	948,381	1,135,501	1,092,535
Total Assets	13,446,542	12,880,974	15,692,115	14,838,882
EQUITY AND LIABILITIES				
Capital and Reserves				
Share capital	270,603	270,603	308,169	308,169
Share premium and reserves	6,402,017	5,255,732	7,478,779	6,058,169
Equity attributable to owners of the Company	6,672,620	5,526,335	7,786,948	6,366,338
Non-controlling interests	46,554	30,826	54,328	35,511
Total Equity	6,719,174	5,557,161	7,841,276	6,401,849
Non-current Liabilities				
Bank and other loans of joint ventures	5,373,629	5,834,763	6,271,025	6,721,647
Balance with a joint venture partner	370,772	393,322	432,691	453,106
Resurfacing obligations	149,406	179,787	174,356	207,115
Deferred tax liabilities	293,389	248,998	342,385	286,846
Other non-current liabilities	49,704	39,409	58,005	45,400
	6,236,900	6,696,279	7,278,462	7,714,114
Current Liabilities				
Provision, other payables, accruals and deposits received	369,077	387,056	430,713	445,889
Bank loans of joint ventures	65,036	171,771	75,897	197,880
Other interest payable	5,911	6,523	6,898	7,514
Tax liabilities	50,444	62,184	58,869	71,636
	490,468	627,534	572,377	722,919
Total Liabilities	6,727,368	7,323,813	7,850,839	8,437,033
Total Equity and Liabilities	13,446,542	12,880,974	15,692,115	14,838,882

3. UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS OF THE GROUP

Set out below is financial information of the Group as extracted from the published unaudited condensed consolidated interim financial statements of the Group for the six months ended 31 December 2017.

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the six months ended 31 December 2017

		Six months ended 31 December			
		2016	**2017**	**2016**	**2017**
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	NOTES	*RMB'000*	*RMB'000*	*HK$'000*	*HK$'000*
				(FOR INFORMATION PURPOSE ONLY)	
Other income and other expense	4	13,496	24,163	15,599	28,437
Depreciation		(99)	(72)	(115)	(84)
General and administrative expenses		(18,175)	(18,801)	(21,003)	(22,007)
Finance costs	5	(12)	(11)	(14)	(12)
Share of results of joint ventures	6	290,853	381,088	334,478	449,346
Profit before tax		286,063	386,367	328,945	455,680
Income tax expense	7	(14,194)	(22,153)	(16,301)	(26,125)
Profit for the period		271,869	364,214	312,644	429,555
Other comprehensive income (expense)					
Item that will not be reclassified to profit or loss:					
Exchange (loss) gain arising on translation to presentation currency		—	—	(296,598)	268,003
Item that may be reclassified subsequently to profit or loss:					
Exchange gain (loss) arising on translation of foreign operations		1,127	(7,419)	—	—
Total comprehensive income for the period		272,996	356,795	16,046	697,558
Profit for the period attributable to:					
Owners of the Company		267,457	358,852	307,581	423,202
Non-controlling interests		4,412	5,362	5,063	6,353
		271,869	364,214	312,644	429,555
Total comprehensive income for the period attributable to:					
Owners of the Company		268,584	351,433	12,581	689,607
Non-controlling interests		4,412	5,362	3,465	7,951
		272,996	356,795	16,046	697,558
		RMB Cents	RMB Cents	HK Cents	HK Cents
Earnings per share	9				
Basic		8.68	11.64	9.98	13.73

Condensed Consolidated Statement of Financial Position
As at 31 December 2017

	NOTES	30 June 2017 (Audited) *RMB'000*	31 December 2017 (Unaudited) *RMB'000*	30 June 2017 (Audited) *HK$'000*	31 December 2017 (Unaudited) *HK$'000*
				(FOR INFORMATION PURPOSE ONLY)	
ASSETS					
Non-current Assets					
Interests in joint ventures	10	5,171,922	4,903,392	5,958,054	5,888,974
Investment	11	4,785	4,785	5,513	5,747
Property and equipment		283	95	325	113
		5,176,990	4,908,272	5,963,892	5,894,834
Current Assets					
Deposits and prepayments		941	1,088	1,084	1,307
Interest and other receivables		1,662	1,433	1,915	1,721
Bank balances and cash		469,067	416,740	540,365	500,505
		471,670	419,261	543,364	503,533
Total Assets		5,648,660	5,327,533	6,507,256	6,398,367
EQUITY AND LIABILITIES					
Capital and Reserves					
Share capital	12	270,603	270,603	308,169	308,169
Share premium and reserves		5,255,732	4,936,782	6,058,169	5,945,900
Equity attributable to owners of the Company		5,526,335	5,207,385	6,366,338	6,254,069
Non-controlling interests		30,826	36,188	35,511	43,462
Total Equity		5,557,161	5,243,573	6,401,849	6,297,531
Non-current Liability					
Deferred tax liability	13	80,215	69,681	92,408	83,687
Current Liability					
Payables and accruals		11,284	14,279	12,999	17,149
Total Liabilities		91,499	83,960	105,407	100,836
Total Equity and Liabilities		5,648,660	5,327,533	6,507,256	6,398,367
Cash and cash equivalents		469,067	416,740	540,365	500,505

Condensed Consolidated Statement of Changes in Equity

For the six months ended 31 December 2017

	Attributable to owners of the Company							
	Share capital *RMB'000*	Share premium *RMB'000*	The People's Republic of China ("PRC") statutory reserves *RMB'000*	Translation reserve *RMB'000*	Retained profits *RMB'000*	Total *RMB'000*	Non-controlling interests *RMB'000*	Total *RMB'000*
As at 1 July 2016 (Audited)	270,603	4,646,724	114,710	(794,833)	2,435,416	6,672,620	46,554	6,719,174
Exchange gain arising on translation of foreign operations	—	—	—	1,127	—	1,127	—	1,127
Profit for the period	—	—	—	—	267,457	267,457	4,412	271,869
Total comprehensive income for the period	—	—	—	1,127	267,457	268,584	4,412	272,996
Dividends recognised as distribution during the period (Note 8)	—	(1,541,965)	—	287,703	(246,840)	(1,501,102)	—	(1,501,102)
Dividends paid to non-controlling interests	—	—	—	—	—	—	(21,738)	(21,738)
As at 31 December 2016 (Unaudited)	270,603	3,104,759	114,710	(506,003)	2,456,033	5,440,102	29,228	5,469,330
As at 1 July 2017 (Audited)	270,603	3,104,759	114,710	(499,337)	2,535,600	5,526,335	30,826	5,557,161
Exchange loss arising on translation of foreign operations	—	—	—	(7,419)	—	(7,419)	—	(7,419)
Profit for the period	—	—	—	—	358,852	358,852	5,362	364,214
Total comprehensive (expense) income for the period	—	—	—	(7,419)	358,852	351,433	5,362	356,795
Change in profit sharing of a joint venture	—	—	(7,121)	—	—	(7,121)	—	(7,121)
Dividends recognised as distribution during the period (Note 8)	—	(387,790)	—	80,724	(356,196)	(663,262)	—	(663,262)
As at 31 December 2017 (Unaudited)	270,603	2,716,969	107,589	(426,032)	2,538,256	5,207,385	36,188	5,243,573

For the purpose of presenting the condensed consolidated statement of changes in equity of the Group in Renminbi ("RMB") (the presentation currency of the Group), the equity transactions and accumulated earnings denominated in Hong Kong Dollar ("HKD") are translated at the exchange rates at the transaction dates. Before the change in functional currency of the Company from HKD to RMB during the year ended 30 June 2009, the exchange differences recognised in translation reserve represented the difference between the equity transactions and accumulated earnings translated at the exchange rates at the transaction dates and the assets and liabilities translated at the closing rates at the end of each reporting period. Subsequent to the change in functional currency of the Company, the exchange differences recognised in translation reserve represented translation of its foreign operations.

The special final dividend for the year ended 30 June 2017 of RMB10 cents (2016: for the year ended 30 June 2016 of RMB40 cents) per share amounting to approximately RMB307,066,000 (2016: RMB1,254,262,000) was distributed from the share premium arisen at the time before the change in functional currency of the Company from HKD to RMB. Accordingly, the share premium and the corresponding translation reserve had been debited by RMB387,790,000 (2016: RMB1,541,965,000) and credited by RMB80,724,000 (2016: RMB287,703,000) respectively.

Pursuant to the joint venture agreement of Guangzhou-Shenzhen-Zhuhai Superhighway Company Limited ("GS Superhighway JV"), the Group's profit-sharing ratio in the GS Superhighway JV adjusted from 48% to 45% from 1 July 2017 for the next ten years until the end of contractual operation period, i.e. 30 June 2027. Accordingly, the Group's share of the reserves attributable to the GS Superhighway JV had been adjusted.

Condensed Consolidated Statement of Changes in Equity
For the six months ended 31 December 2017
(FOR INFORMATION PURPOSE ONLY)

	Attributable to owners of the Company							
	Share capital	**Share premium**	**PRC statutory reserves**	**Translation reserve**	**Retained profits**	**Total**	**Non-controlling interests**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
As at 1 July 2016 (Audited)	308,169	4,338,962	110,708	455,551	2,573,558	7,786,948	54,328	7,841,276
Exchange loss on translation to presentation currency	—	—	—	(295,000)	—	(295,000)	(1,598)	(296,598)
Profit for the period	—	—	—	—	307,581	307,581	5,063	312,644
Total comprehensive (expense) income for the period	—	—	—	(295,000)	307,581	12,581	3,465	16,046
Dividends recognised as distribution during the period *(Note 8)*	—	(1,434,336)	—	—	(294,039)	(1,728,375)	—	(1,728,375)
Dividends paid to non-controlling interests	—	—	—	—	—	—	(25,175)	(25,175)
As at 31 December 2016 (Unaudited)	308,169	2,904,626	110,708	160,551	2,587,100	6,071,154	32,618	6,103,772
As at 1 July 2017 (Audited)	308,169	2,904,626	110,708	348,527	2,694,308	6,366,338	35,511	6,401,849
Exchange gain on translation to presentation currency	—	—	—	266,405	—	266,405	1,598	268,003
Profit for the period	—	—	—	—	423,202	423,202	6,353	429,555
Total comprehensive income for the period	—	—	—	266,405	423,202	689,607	7,951	697,558
Change in profit sharing of a joint venture	—	—	(6,864)	(15,183)	—	(22,047)	—	(22,047)
Dividends recognised as distribution during the period *(Note 8)*	—	(361,032)	—	—	(418,797)	(779,829)	—	(779,829)
As at 31 December 2017 (Unaudited)	308,169	2,543,594	103,844	599,749	2,698,713	6,254,069	43,462	6,297,531

The translation reserve represented (i) the accumulated net exchange difference arising on translation of foreign operations (i.e. operations with functional currency of RMB) to the presentation currency of the Group before the change in functional currency of the Company from HKD to RMB; and (ii) the accumulated net exchange difference arising on translation of the condensed consolidated financial statements denominated in RMB, the functional currency of the Company, to the presentation currency of the Group after the change in functional currency of the Company.

Condensed Consolidated Statement of Cash Flows
For the six months ended 31 December 2017

	Six months ended 31 December			
	2016	**2017**	**2016**	**2017**
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*	*HK$'000*	*HK$'000*
			(FOR INFORMATION PURPOSE ONLY)	
NET CASH USED IN OPERATING ACTIVITIES	(15,868)	(15,814)	(17,563)	(18,486)
INVESTING ACTIVITIES				
Purchase of property and equipment	(6)	(75)	(7)	(86)
Proceeds on disposals of property and equipment	—	319	—	376
Dividends received (net of PRC withholding tax)	1,395,217	610,410	1,623,651	709,504
Interest received	13,052	10,842	15,122	12,691
NET CASH FROM INVESTING ACTIVITIES	1,408,263	621,496	1,638,766	722,485
FINANCING ACTIVITIES				
Dividends paid to:				
— owners of the Company	(1,534,735)	(660,428)	(1,728,375)	(779,965)
— non-controlling interests of a subsidiary	(21,738)	—	(25,175)	—
NET CASH USED IN FINANCING ACTIVITIES	(1,556,473)	(660,428)	(1,753,550)	(779,965)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(164,078)	(54,746)	(132,347)	(75,966)
CASH AND CASH EQUIVALENTS AT 1 JULY	652,435	469,067	761,392	540,365
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	34,348	2,419	(45,707)	36,106
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	522,705	416,740	583,338	500,505

Note: Cash and cash equivalents comprise cash at banks and cash on hand, and deposits with banks subjected to insignificant risk of change in value, and with a maturity of three months or less from date of placing.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 December 2017

1. Basis of Preparation

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and IAS 34 "Interim Financial Reporting" issued by the International Accounting Standards Board ("IASB").

The Company's functional currency and presentation currency are RMB. The presentation of HKD amounts in these condensed consolidated financial statements is for information purpose only.

2. Principal Accounting Policies

The condensed consolidated financial statements have been prepared on the historical cost basis.

Except as describe below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 31 December 2017 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 30 June 2017.

Application of amendments to International Financial Reporting Standards ("IFRSs")

In the current interim period, the Group has applied, for the first time, the following amendments to IFRSs issued by the IASB that are relevant for the preparation of the Group's condensed consolidated financial statements:

IFRS 12 (Amendments)	As part of the Annual Improvements to IFRS Standards 2014–2016 Cycle
IAS 7 (Amendments)	Disclosure Initiative
IAS 12 (Amendments)	Recognition of Deferred Tax Assets for Unrealised Losses

The application of the other amendments to IFRSs in the current interim period has had no material effect on the amounts reported and/or disclosures set out in these condensed consolidated financial statements while the application of IAS 7 (Amendments) will have impact to the disclosures in the consolidated financial statements for the year ending 30 June 2018.

3. Segment Information

The Group's reportable and operating segments are determined based on information reported to the chief operating decision maker for the purpose of resource allocation and performance assessment.

Information reported to the chief operating decision maker, including segment revenue, earnings before interest, tax, depreciation and amortisation ("EBITDA"), depreciation and amortisation, interest and tax, and segment results, is more specifically focused on individual toll expressways projects jointly operated and managed by the Group and the relevant joint venture partner. Accordingly, the Group's reporting and operating segments under IFRS 8 "Operating Segments" are therefore as follows:

— Guangzhou-Shenzhen Superhighway ("GS Superhighway")
— Western Delta Route

3. Segment Information *(Continued)*

Starting from the year ended 30 June 2017, the management simplified internal report to chief operating decision maker to reflect full operation of Western Delta Route as a whole instead of separated as Phases I, II and III of the Western Delta Route. The comparative figures have been restated for consistent presentation purpose.

Information regarding the above segments is reported below.

Segment revenue and results

	Six months ended 31 December									
	2016 (Restated)					2017				
	Segment revenue	EBITDA	Depreciation and amortisation	Interest and tax	Segment results	Segment revenue	EBITDA	Depreciation and amortisation	Interest and tax	Segment results
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
GS Superhighway	791,466	662,516	(227,918)	(160,304)	274,294	781,739	661,816	(236,322)	(164,969)	260,525
Western Delta Route	301,472	252,345	(106,637)	(94,924)	50,784	339,797	289,188	(117,607)	(107,471)	64,110
Total	1,092,938	914,861	(334,555)	(255,228)	325,078	1,121,536	951,004	(353,929)	(272,440)	324,635
Corporate interest income from bank deposits					13,909					10,623
Other income					–					868
Corporate general and administrative expenses and depreciation					(18,274)					(18,873)
Corporate finance costs					(12)					(11)
Corporate income tax expense					–					(60)
Net exchange (loss) gain (net of related income tax) (Note)					(48,832)					47,032
Profit for the period					271,869					364,214
Profit for the period attributable to non-controlling interests					(4,412)					(5,362)
Profit for the period attributable to owners of the Company					267,457					358,852

Note: Net exchange (loss) gain (net of related income tax) is composed of the Group's share of the net exchange gain (net of related income tax) of a joint venture of RMB34,360,000 (six months ended 31 December 2016: net exchange loss (net of related income tax) of RMB48,419,000) and the net exchange gain of the Group of RMB12,672,000 (six months ended 31 December 2016: net exchange loss of RMB413,000).

3. Segment Information *(Continued)*

Segment revenue and results
(FOR INFORMATION PURPOSE ONLY)

	Six months ended 31 December									
	2016 (Restated)					2017				
	Segment revenue	EBITDA	Depreciation and amortisation	Interest and tax	Segment results	Segment revenue	EBITDA	Depreciation and amortisation	Interest and tax	Segment results
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
GS Superhighway	907,062	759,386	(261,098)	(183,803)	314,485	922,203	780,687	(278,901)	(194,613)	307,173
Western Delta Route	345,506	289,632	(122,078)	(108,871)	58,683	400,912	340,897	(138,896)	(126,678)	75,323
Total	1,252,568	1,049,018	(383,176)	(292,674)	373,168	1,323,115	1,121,584	(417,797)	(321,291)	382,496
Corporate interest income from bank deposits					16,078					12,428
Other income					—					1,016
Corporate general and administrative expenses and depreciation					(21,118)					(22,091)
Corporate finance costs					(14)					(12)
Corporate income tax expense					—					(70)
Net exchange (loss) gain (net of related income tax) (Note)					(55,470)					55,788
Profit for the period					312,644					429,555
Profit for the period attributable to non-controlling interests					(5,063)					(6,353)
Profit for the period attributable to owners of the Company					307,581					423,202

Note: Net exchange (loss) gain (net of related income tax) is composed of the Group's share of the net exchange gain (net of related income tax) of a joint venture of HK$40,795,000 (six months ended 31 December 2016: net exchange loss (net of related income tax) of HK$54,991,000) and the net exchange gain of the Group of HK$14,993,000 (six months ended 31 December 2016: net exchange loss of HK$479,000).

The segment revenue represents the Group's share of the joint ventures' toll revenue received and receivable (net of value-added tax) from the operations of toll expressways in the PRC based on the profit-sharing ratios specified in the relevant joint venture agreements. All of the segment revenue reported above is earned from external customers.

The EBITDA, depreciation and amortisation, and interest and tax represent the Group's share of joint ventures' EBITDA, depreciation and amortisation, and interest and tax from the operations of toll expressways in the PRC before net exchange gain/loss, based on the profit-sharing ratios specified in the relevant joint venture agreements.

3. Segment Information *(Continued)*

Segment revenue and results *(Continued)*

The segment results represent (i) the Group's share of joint ventures' results from the operations of toll expressways in the PRC before net exchange gain/loss (net of related income tax) based on the profit-sharing ratios specified in the relevant joint venture agreements; (ii) net of the withholding tax attributed to the dividend received from and the undistributed earnings of the joint ventures; and (iii) amortisation of additional cost of investment in joint ventures. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and performance assessment.

The total segment results can be reconciled to the share of results of joint ventures as presented in condensed consolidated statement of profit or loss and other comprehensive income as follows:

	Six months ended 31 December			
	2016	**2017**	**2016**	**2017**
	RMB'000	*RMB'000*	*HK$'000*	*HK$'000*
			(FOR INFORMATION PURPOSE ONLY)	
Total segment results	325,078	324,635	373,168	382,496
Add:				
Net exchange (loss) gain (net of related income tax)	(48,419)	34,360	(54,991)	40,795
Withholding tax attributed to the dividend received from and the undistributed earnings of the joint ventures	14,194	22,093	16,301	26,055
Share of results of joint ventures as presented in condensed consolidated statement of profit or loss and other comprehensive income	290,853	381,088	334,478	449,346

4. Other Income and Other Expense

	Six months ended 31 December			
	2016	**2017**	**2016**	**2017**
	RMB'000	*RMB'000*	*HK$'000*	*HK$'000*
			(FOR INFORMATION PURPOSE ONLY)	
Interest income from bank deposits	13,909	10,623	16,078	12,428
Net exchange (loss) gain	(413)	12,672	(479)	14,993
Dividend income from investment	—	600	—	703
Gain on disposal of property and equipment	—	128	—	152
Others	—	140	—	161
	13,496	24,163	15,599	28,437

5. Finance Costs

The amount represents the bank charges for both periods.

6. Share of Results of Joint Ventures

	Six months ended 31 December			
	2016	**2017**	**2016**	**2017**
	RMB'000	*RMB'000*	*HK$'000*	*HK$'000*
			(FOR INFORMATION PURPOSE ONLY)	
Share of results of joint ventures before share of imputed interest expenses incurred by a joint venture on interest-free registered capital contributions made by the Group and amortisation of additional cost of investments in joint ventures	334,647	428,582	384,671	505,376
Amortisation of additional cost of investments in joint ventures	(43,794)	(47,494)	(50,193)	(56,030)
Share of imputed interest expenses incurred by a joint venture on interest-free registered capital contributions made by the Group	(22,549)	(23,956)	(25,853)	(28,256)
Imputed interest income recognised by the Group on interest-free registered capital contributions made by the Group	22,549	23,956	25,853	28,256
	290,853	381,088	334,478	449,346

7. Income Tax Expense

	Six months ended 31 December			
	2016	**2017**	**2016**	**2017**
	RMB'000	*RMB'000*	*HK$'000*	*HK$'000*
			(FOR INFORMATION PURPOSE ONLY)	
The tax charge comprises:				
PRC Enterprise Income Tax ("EIT")	72,422	32,687	84,379	37,993
Deferred tax	(58,228)	(10,534)	(68,078)	(11,868)
	14,194	22,153	16,301	26,125

No provision for Hong Kong Profits Tax has been made as there was no assessable profit derived from or arising in Hong Kong for both periods.

The EIT charge of the Group for the six months ended 31 December 2017 included an amount of RMB32,627,000 (approximately HK$37,923,000) (six months ended 31 December 2016: RMB72,422,000 (approximately HK$84,379,000)) representing the 5% withholding tax imposed on dividends declared during the period by a joint venture of the Group of which the corresponding amount had already been provided for deferred tax in prior periods in respect of undistributed earnings of a joint venture.

8. Dividends

	Six months ended 31 December			
	2016	**2017**	**2016**	**2017**
	RMB'000	*RMB'000*	*HK$'000*	*HK$'000*
			(FOR INFORMATION PURPOSE ONLY)	
Dividends paid and recognised as distribution during the period:				
Final dividend for the year ended 30 June 2017: RMB11.6 cents (equivalent to HK13.58986 cents) (six months ended 31 December 2016: for the year ended 30 June 2016 paid of RMB8.2 cents (equivalent to HK9.54840 cents)) per share	246,840	356,196	294,039	418,797
Special final dividend for the year ended 30 June 2017: RMB10 cents (equivalent to HK11.71540 cents) (six months ended 31 December 2016: for the year ended 30 June 2016 paid of RMB40 cents (equivalent to HK46.57760 cents)) per share	1,254,262	307,066	1,434,336	361,032
	1,501,102	663,262	1,728,375	779,829

The directors do not recommend the payment of an interim dividend for the six months ended 31 December 2017.

As at 4 January 2017, the Directors declared that an interim dividend in respect of the year ended 30 June 2017 of RMB8.6 cents (equivalent to HK9.59416 cents) per share amounting to approximately RMB265,025,000 (approximately HK$295,662,000) was paid to the shareholders of the Company whose names appear on the register of members on 19 January 2017.

9. Earnings per Share

The calculation of the basic earnings per share attributable to owners of the Company is based on the following data:

	Six months ended 31 December			
	2016	**2017**	**2016**	**2017**
	RMB'000	*RMB'000*	*HK$'000*	*HK$'000*
			(FOR INFORMATION PURPOSE ONLY)	
Earnings for the purposes of basic earnings per share	267,457	358,852	307,581	423,202

9. Earnings per Share *(Continued)*

	Six months ended 31 December 2016	2017
	Number of shares	*Number of shares*
Number of ordinary shares for the purpose of basic earnings per share	3,081,690,283	3,081,690,283

No diluted earnings per share have been presented as there was no potential ordinary shares in issue during both periods.

10. Interests in Joint Ventures

	30 June 2017	31 December 2017	30 June 2017	31 December 2017
	RMB'000	*RMB'000*	*HK$'000*	*HK$'000*
			(FOR INFORMATION PURPOSE ONLY)	
Unlisted investments:				
At cost				
Cost of investment in a joint venture	2,020,789	2,020,789	2,327,949	2,426,968
Additional cost of investments	2,520,218	2,520,218	2,903,291	3,026,782
Share of results of joint ventures before share of imputed interest expenses incurred by a joint venture on interest-free registered capital contributions made by the Group (net of dividend received)	1,636,243	1,415,207	1,884,952	1,699,664
Less: Share of accumulated imputed interest expenses incurred by a joint venture on interest-free registered capital contributions made by the Group	(358,032)	(381,988)	(412,452)	(458,767)
Less: Accumulated amortisation of additional cost of investments	(1,434,039)	(1,481,533)	(1,652,013)	(1,779,322)
	4,385,179	4,092,693	5,051,727	4,915,325
At amortised cost				
Registered capital contribution, at nominal amount	2,449,500	2,449,500	2,821,824	2,941,850
Fair value adjustment on initial recognition	(2,020,789)	(2,020,789)	(2,327,949)	(2,426,968)
Accumulated imputed interest income recognised by the Group	358,032	381,988	412,452	458,767
	786,743	810,699	906,327	973,649
	5,171,922	4,903,392	5,958,054	5,888,974

11. Investment

The investment represents interest in unlisted limited company incorporated in the PRC and is classified as available-for-sale financial asset. It is measured at cost less impairment at the end of the reporting period.

12. Share Capital

	Number of shares	Nominal amount *HK$'000*
Ordinary shares of HK$0.1 each		
Authorised:		
As at 1 July 2016, 31 December 2016, 30 June 2017, 1 July 2017 and 31 December 2017	10,000,000,000	1,000,000

	Number of shares	Nominal amount	
		HK$'000	*Equivalent to RMB'000*
Issued and fully paid:			
As at 1 July 2016, 31 December 2016, 30 June 2017, 1 July 2017 and 31 December 2017	3,081,690,283	308,169	270,603

Share Option Scheme
There were no share options granted, forfeited, vested, or outstanding in both periods presented.

Share Award Scheme
There were no awarded shares granted, forfeited, vested or outstanding in both periods presented.

13. Deferred Tax Liability

The amount represents the deferred tax liability associated with the undistributed earnings of the joint ventures.

14. Contingent Liability

The registered capital amounting to HK$702,000,000 (equivalent to RMB471,000,000) previously injected by a subsidiary of the Company to GS Superhighway JV was repaid by GS Superhighway JV during the year ended 30 June 2008. According to the Law of the PRC on Chinese-foreign Contractual Joint Venture, in relation to the repayment of registered capital before the expiry of the joint venture operation period, the subsidiary of the Company, as the foreign joint venture partner, is required to undertake the financial obligations of GS Superhighway JV to the extent of HK$702,000,000 when GS Superhighway JV fails to meet its financial obligations during the joint venture operation period.

15. Related Party Transactions

Save as disclosed in note 14 to the condensed consolidated financial statements, during the six months ended 31 December 2017, the Group paid rental, air-conditioning, management fee and car parking charges to fellow subsidiaries amounting to RMB688,000 (approximately HK$806,000) (six months ended 31 December 2016: RMB696,000 (approximately HK$804,000)).

16. Fair Value

The Directors consider that the carrying amounts of the financial assets and financial liabilities recognised at amortised cost in the condensed consolidated financial statements approximate their fair values.

17. Events after the Reporting Period

As announced by the Company in the joint announcement on "(1) Major Transaction for Hopewell Holdings Limited in relation to the proposed disposal of approximately 66.69% of the issued shares of Hopewell Highway Infrastructure Limited to Shenzhen Investment International Capital Holdings Infrastructure Co., Ltd and (2) possible unconditional mandatory cash offer by CLSA Limited for and on behalf of Shenzhen Investment International Capital Holdings Infrastructure Co., Ltd to acquire all the issued shares of Hopewell Highway Infrastructure Limited (other than those already owned and/or agreed to be acquired by Shenzhen Investment International Capital Holdings Infrastructure Co., Ltd and/or parties acting in concert with it)" issued on 29 December 2017, Hopewell Holdings Limited, the ultimate holding company, had conditionally agreed to dispose of all its stake in the Company to Shenzhen Investment International Capital Holdings Infrastructure Co., Ltd (深圳投控國際資本控股基建有限公司), a wholly owned subsidiary of Shenzhen Investment Holdings Co., Ltd* (深圳市投資控股有限公司). Completion of the disposal is yet to take place.

* *For identification purposes only*

Unaudited Condensed Consolidated Financial Information
(Prepared under Proportionate Consolidation Method)

Condensed Consolidated Statement of Profit or Loss
For the six months ended 31 December 2017
(FOR INFORMATION PURPOSE ONLY)

	Six months ended 31 December			
	2016	**2017**	**2016**	**2017**
	RMB'000	*RMB'000*	*HK$'000*	*HK$'000*
Toll revenue	1,092,938	1,121,536	1,252,568	1,323,115
Revenue on construction	38,144	34,932	42,568	41,953
Turnover	1,131,082	1,156,468	1,295,136	1,365,068
Other income and other expense (Note i)	(16,164)	104,294	(17,852)	123,383
Construction costs	(38,144)	(34,932)	(42,568)	(41,953)
Provision for resurfacing charges	(16,839)	(20,401)	(19,302)	(24,073)
Toll expressway operation expenses	(143,840)	(134,805)	(164,383)	(159,247)
General and administrative expenses	(59,197)	(56,466)	(67,812)	(66,642)
Depreciation and amortisation charges	(334,654)	(354,001)	(383,291)	(417,881)
Finance costs (Note ii)	(133,524)	(127,031)	(152,999)	(149,824)
Profit before tax	388,720	533,126	446,929	628,831
Income tax expense	(116,851)	(168,912)	(134,285)	(199,276)
Profit for the period	271,869	364,214	312,644	429,555
Profit for the period attributable to:				
Owners of the Company	267,457	358,852	307,581	423,202
Non-controlling interests	4,412	5,362	5,063	6,353
	271,869	364,214	312,644	429,555

Notes:

(i) Other Income and Other Expense

	Six months ended 31 December			
	2016	**2017**	**2016**	**2017**
	RMB'000	*RMB'000*	*HK$'000*	*HK$'000*
Interest income from bank deposits	15,164	13,232	17,517	15,486
Imputed interest income on interest-free registered capital contributions made by the Group to a joint venture	11,274	11,978	12,926	14,128
Net exchange (loss) gain	(64,972)	58,486	(73,800)	69,386
Rental income	12,121	9,216	13,855	10,891
Others	10,249	11,382	11,650	13,492
	(16,164)	104,294	(17,852)	123,383

(ii) Finance Costs

	Six months ended 31 December			
	2016	**2017**	**2016**	**2017**
	RMB'000	*RMB'000*	*HK$'000*	*HK$'000*
Interest on bank loans	121,889	114,706	139,659	135,286
Imputed interest on:				
Interest-free registered capital contributions made by a joint venture partner	11,274	11,978	12,926	14,128
Others	275	275	315	325
	133,438	126,959	152,900	149,739
Other financial expenses	86	72	99	85
	133,524	127,031	152,999	149,824

Unaudited Condensed Consolidated Financial Information (Prepared under Proportionate Consolidation Method)

Condensed Consolidated Statement of Financial Position

As at 31 December 2017

(FOR INFORMATION PURPOSE ONLY)

	30 June 2017	31 December 2017	30 June 2017	31 December 2017
	RMB'000	*RMB'000*	*HK$'000*	*HK$'000*
ASSETS				
Non-current Assets				
Property and equipment	432,935	406,712	498,741	488,461
Concession intangible assets	11,101,501	10,625,955	12,788,929	12,761,772
Balance with a joint venture	393,372	405,350	453,164	486,825
Investment	4,785	4,785	5,513	5,747
	11,932,593	11,442,802	13,746,347	13,742,805
Current Assets				
Inventories	1,115	802	1,285	963
Deposits and prepayments	1,611	2,270	1,855	2,727
Interest and other receivables	35,966	34,602	41,433	41,557
Other receivable from a joint venture	—	24,463	—	29,380
Pledged bank balances and deposits of joint ventures	434,191	211,256	500,188	253,718
Bank balances and cash				
— The Group	469,067	416,740	540,365	500,505
— Joint ventures	6,431	10,480	7,409	12,586
	948,381	700,613	1,092,535	841,436
Total Assets	12,880,974	12,143,415	14,838,882	14,584,241
EQUITY AND LIABILITIES				
Capital and Reserves				
Share capital	270,603	270,603	308,169	308,169
Share premium and reserves	5,255,732	4,936,782	6,058,169	5,945,900
Equity attributable to owners of the Company	5,526,335	5,207,385	6,366,338	6,254,069
Non-controlling interests	30,826	36,188	35,511	43,462
Total Equity	5,557,161	5,243,573	6,401,849	6,297,531
Non-current Liabilities				
Bank and other loans of joint ventures	5,834,763	5,349,272	6,721,647	6,424,476
Balance with a joint venture partner	393,322	405,299	453,106	486,764
Resurfacing obligations	179,787	200,189	207,115	240,426
Deferred tax liabilities	248,998	239,703	286,846	287,884
Other non-current liabilities	39,409	38,313	45,400	46,014
	6,696,279	6,232,776	7,714,114	7,485,564
Current Liabilities				
Provision, other payables, accruals and deposits received	387,056	433,883	445,889	521,094
Bank loans of joint ventures	171,771	159,303	197,880	191,322
Other interest payable	6,523	6,867	7,514	8,247
Tax liabilities	62,184	67,013	71,636	80,483
	627,534	667,066	722,919	801,146
Total Liabilities	7,323,813	6,899,842	8,437,033	8,286,710
Total Equity and Liabilities	12,880,974	12,143,415	14,838,882	14,584,241

4. INDEBTEDNESS STATEMENT

As at the close of business on 31 January 2018, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this Composite Document, the Group has outstanding indebtedness as summarised below:

Bank borrowings

The Group had no outstanding bank borrowing.

Contingent liabilities

As at 31 January 2018, the unutilised uncommitted banking facilities of a subsidiary of the Company of approximately RMB403 million (HK$500 million) are guaranteed by the Company.

The registered capital amounting to HK$702 million previously injected by a subsidiary of the Company to an entity jointly controlled by the Group and a third party was repaid by such joint venture during the year ended 30 June 2008. According to the Laws of the PRC on "Chinese-foreign Contractual Joint Venture" in relation to the repayment of registered capital before the expiry of the joint venture operation period, the subsidiary of the Company, as the foreign joint venture partner, is required to undertake the financial obligations of such joint venture to the extent of HK$702 million when such joint venture fails to meet its financial obligations during the joint venture operation period.

Save as aforesaid, and apart from the intra-group liabilities, the Group did not have any loan capital issued or agreed to be issued, bank overdrafts, loans, debt securities issued and outstanding, any authorised or otherwise created but unissued term loans or other borrowings, indebtedness in nature of borrowings, liabilities under acceptances (other than trade bills) or acceptance credits, debentures, mortgages, charges, finance leases or hire purchase commitments, which are either guaranteed, unguaranteed, secured, or unsecured, guarantees or other material contingent liabilities outstanding at the close of business on 31 January 2018.

5. MATERIAL CHANGE

Save as disclosed in the Company's interim report for the six months ended 31 December 2017 that (i) from 1 July 2017 and for the next ten years, the Group's profit-sharing ratio in Guangzhou-Shenzhen-Zhuhai Superhighway Company Limited (the "GS Superhighway JV"), the joint venture operating the Guangzhou-Shenzhen Superhighway, has been adjusted from 48% to 45%, pursuant to the joint venture agreement relating to the GS Superhighway JV; and (ii) net profit of the Group for the six months ended 31 December 2017 grew approximately 34% on a year-on-year basis, mainly arising from the revaluation of the GS Superhighway JV's foreign currency loans and the appreciation of the Renminbi against such foreign currencies, the Directors confirm that there has been no material change in the financial or trading position or outlook of the Group since 30 June 2017, the date to which the latest published audited consolidated financial statements of the Group were made up, and up to and including the Latest Practicable Date.

1. RESPONSIBILITY STATEMENT

The directors of the Offeror jointly and severally accept full responsibility for the accuracy of the information contained in this Composite Document (other than that relating to Anber Investments, the HHL Group, the Group or their respective director(s)), and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this Composite Document (other than those expressed by Anber Investments, the HHL Group, the Group or their respective director(s)) have been arrived at after due and careful consideration and there are no other facts (other than facts in relation to Anber Investments, the HHL Group, the Group or their respective director(s)) not contained in this Composite Document, the omission of which would make any statements in this Composite Document misleading.

The directors of SIHC jointly and severally accept full responsibility for the accuracy of the information contained in this Composite Document (other than that relating to Anber Investments, the HHL Group, the Group or their respective director(s)), and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this Composite Document (other than those expressed by Anber Investments, the HHL Group, the Group or their respective director(s)) have been arrived at after due and careful consideration and there are no other facts (other than facts in relation to Anber Investments, the HHL Group, the Group or their respective director(s)) not contained in this Composite Document, the omission of which would make any statements in this Composite Document misleading.

2. DISCLOSURE OF INTERESTS AND DEALINGS AS REQUIRED BY THE TAKEOVERS CODE

(a) Save for the Sale Shares, the Share Charge and the CITIC Securities Finance Security Interest, none of the Offeror, its directors or parties acting in concert with any of them owned, controlled or was interested in any Shares or convertible securities, warrants, options or derivatives in respect of any Shares as at the Latest Practicable Date. Under the Facility Agreement, China Merchants Bank may, following each drawdown under the Facility Agreement, transfer 40% of its rights and obligations under the Facility Agreement, the Share Charge and the Guarantee with respect to each loan drawndown to CITIC Securities Finance. Upon such transfer of the loan drawndown under the Facility Agreement, 40% of the securities interest over the Shares to which the relevant loan relates under the Share Charge will be transferred from China Merchants Bank to CITIC Securities Finance.

(b) No person who owned or controlled any Shares or convertible securities, warrants, options or derivatives in respect of any Shares had irrevocably committed himself/herself/itself to accept or reject the Offer as at the Latest Practicable Date.

(c) Save for the Sale and Purchase Agreement, the Facility Agreement, the Share Charge and the CITIC Securities Finance Security Interest, no member of the Offeror and parties acting in concert with it had an arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with any other person as at the Latest Practicable Date.

(d) No member of the Offeror and parties acting in concert with it had borrowed or lent any Shares or convertible securities, warrants, options or derivatives in respect of any Shares as at the Latest Practicable Date.

(e) Save for the Sale Shares, the Share Charge and the CITIC Securities Finance Security Interest, none of the Offeror, its directors or parties acting in concert with any of them had dealt for value in any Shares or convertible securities, warrants, options or derivatives in respect of any Shares during the Relevant Period.

3. OTHER DISCLOSURES AS REQUIRED BY THE TAKEOVERS CODE

(a) As at the Latest Practicable Date, save for the Share Charge and the CITIC Securities Finance Security Interest, the Offeror had no intention to enter into, nor had it entered into any agreement, arrangement or understanding, to transfer, charge or pledge the Shares acquired in pursuance of the Offer to any other persons unless otherwise required by the Listing Rules or the Stock Exchange with regard to the minimum public float requirements. As at the Latest Practicable Date, CITIC Securities Finance did not hold any securities of the Company.

(b) No benefit will be given to any Director as compensation for loss of office or otherwise in connection with the Offer.

(c) As at the Latest Practicable Date, save for the Sale and Purchase Agreement, there was no agreement, arrangement or understanding (including any compensation arrangement) between any member of the Offeror and parties acting in concert with it and any Director, recent Director, Shareholder or recent Shareholder which had any connection with or was dependent upon the Offer.

(d) As at the Latest Practicable Date, there was no agreement or arrangement to which the Offeror was a party which related to circumstances in which the Offeror may or may not invoke or seek to invoke a pre-condition or a condition to the Offer.

4. QUALIFICATIONS AND CONSENT OF EXPERTS

The following are the qualifications of the experts to the Offeror who has given opinions or advice contained or referred to in this Composite Document:

Name	Qualification
CLSA Capital Markets	a licensed corporation to carry out Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, an indirectly wholly-owned subsidiary of CITIC Securities Company Limited, the shares of which are listed on the main board of the Stock Exchange (Stock Code: 6030)

Name	Qualification
CLSA Limited	a licensed corporation to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 7 (providing automated trading services) regulated activities under the SFO, an indirectly wholly-owned subsidiary of CITIC Securities Company Limited, the shares of which are listed on the main board of the Stock Exchange (Stock Code: 6030)

CLSA Capital Markets and CLSA Limited have given and have not withdrawn their written consents to the issue of this Composite Document with the inclusion of the references to their names and in the case of CLSA Limited, the text of the Letter from CLSA Limited in the form and context in which they appear herein.

5. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection (i) on the website of the SFC (www.sfc.hk); (ii) on the website of the Company at www.hopewellhighway.com; and (iii) during normal business hours from 9:00 a.m. to 6:00 p.m. on any weekday (except for Saturdays, Sundays and public holidays) at the principal place of business of the Company in Hong Kong at Room 63–02, 63rd Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong from the date of this Composite Document up to and including the Closing Date:

(a) The memorandum and articles of association of the Offeror;

(b) The letter from CLSA Limited dated 11 April 2018, the text of which is set out on pages 7 to 18 of this Composite Document; and

(c) the written consents referred to in paragraph 4 headed "Qualifications and Consent of Experts" in this Appendix III.

6. MISCELLANEOUS

(a) The registered address of the Offeror is Vistra Corporate Services Centre, Wickhams Cay II, Road Town, VG1110, Tortola, British Virgin Islands.

(b) The directors of the Offeror are Mr. Zhengyu LIU and Mr. Zhongyu YAN.

(c) The registered address of SIHC, the guarantor and ultimate controlling shareholder of the Offeror, is 18th Floor, Shenzhen Investment Building, Shennan Road, Futian District, Shenzhen. The directors of SIHC are Mr. Yongjian WANG, Mr. Qingshan FENG, Ms. Shifang FAN, Mr. Zhisheng CHEN, Mr. Zhi ZHANG, Mr. Xiaoping CAI and Mr. Xiaodong LIU.

(d) The registered office of each of CLSA Limited and CLSA Capital Markets is situated at 18/F, One Pacific Place, 88 Queensway, Hong Kong.

1. RESPONSIBILITY STATEMENT

All Directors jointly and severally accept full responsibility for the accuracy of the information contained in this Composite Document (other than that relating to the Offeror and parties acting in concert with it and the New Directors) and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this Composite Document (other than those expressed by the Offeror and parties acting in concert with it) have been arrived at after due and careful consideration and there are no other facts (other than facts in relation to the Offeror and parties acting in concert with it and the New Directors) not contained in this Composite Document, the omission of which would make any statement in this Composite Document misleading.

2. SHARE CAPITAL

As at the Latest Practicable Date:

(i) the authorised share capital of the Company was HK$1,000,000,000 divided into 10,000,000,000 Shares; and

(ii) the issued share capital of the Company was HK$308,169,028.30 divided into 3,081,690,283 Shares.

All the issued Shares rank *pari passu* in all respects including the rights to dividends, voting and return of capital.

No Shares have been issued since 30 June 2017, being the date to which the latest published audited consolidated financial statements of the Group were made up, and up to the Latest Practicable Date.

As at the Latest Practicable Date, the Company had no outstanding options, warrants or conversion rights affecting any Shares.

3. DISCLOSURE OF INTERESTS

Directors' and chief executives' interests and short positions in the Shares, underlying Shares and debentures of the Company

As at the Latest Practicable Date, the interests and short positions of the Directors in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which as recorded in the register required to be kept by the Company under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, or as required to be disclosed under the Takeovers Code were as follows:

	Shares[i]					
Directors	Personal interests (held as beneficial owner)	Family interests (interests of spouse or child under 18)	Corporate interests[ii] (interests of controlled corporation)	Other interests	Total interests	Approximate % of total number of issued Shares
Sir Gordon Ying Sheung WU	17,471,884	6,815,920	27,051,498	7,670,000[iii]	59,009,302	1.91
Eddie Ping Chang HO	6,274,075	—	17,500	—	6,291,575	0.20
Thomas Jefferson WU	18,000,000	—	—	—	18,000,000	0.58
Alan Chi Hung CHAN	507,750	—	—	—	507,750	0.01

Notes:

(i) All interests in the Shares were long positions.

(ii) The corporate interests were beneficially owned by companies in which the relevant Directors were deemed to be entitled under the SFO to exercise or control the exercise of one-third or more of the voting power at its general meeting.

(iii) The other interests in 7,670,000 Shares represented the interests held by Sir Gordon Ying Sheung WU jointly with his wife Lady WU Ivy Sau Ping KWOK.

Apart from the foregoing, as at the Latest Practicable Date, neither the Directors nor any of the chief executives of the Company has interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations, as recorded in the register required to be kept by the Company under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, or as required to be disclosed under the Takeovers Code.

4. MATERIAL LITIGATION

As at the Latest Practicable Date, none of the members of the Group was involved in any litigation, arbitration or claim of material importance and there was no litigation, arbitration or claim of material importance known to the Directors to be pending or threatened by or against any members of the Group.

5. MATERIAL CONTRACTS

The Group had not entered into any material contracts (not being contracts entered into in the ordinary course of business) within 2 years before the date of commencement of the Offer Period and up to the Latest Practicable Date.

6. ARRANGEMENTS AFFECTING DIRECTORS

(a) As at the Latest Practicable Date, no benefit (other than statutory compensation) had been given or will be given to any Director as compensation for loss of office or otherwise in connection with the Offer.

(b) As at the Latest Practicable Date, save for the arrangement of resignation of existing Directors (other than Mr. Brian David Man Bun LI who will remain as independent non-executive Director and will become the chairman of the Remuneration Committee of the Company) as set out under the section headed "Proposed Change of Board Composition" in the "Letter from the Board" and the "Letter from CLSA Limited" in this Composite Document, there was no agreement or arrangement between any Director or any other person which was conditional on or dependent upon the outcome of the Offer or otherwise connected with the Offer.

(c) As at the Latest Practicable Date, there was no material contract entered into by the Offeror in which any Director had a material personal interest.

7. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date,

(a) none of the Directors had entered into or amended any service contracts (including both continuous and fixed term contracts) with the Company or any of its subsidiaries or associated companies within 6 months before the date of the Joint Announcement;

(b) none of the Directors had any continuous service contracts with the Company or any of its subsidiaries or associated companies with a notice period of 12 months or more; and

(c) none of the Directors had any fixed term service contracts with the Company or any of its subsidiaries or associated companies with more than 12 months to run irrespective of the notice period.

8. QUALIFICATION AND CONSENT OF EXPERT

The following is the name and qualification of the professional adviser whose letter, opinion or advice are contained or referred to in this Composite Document:

Name	Qualification
Somerley	A corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO

Somerley has given and has not withdrawn its written consent to the issue of this Composite Document with the inclusion of its recommendations, opinions, letter and/or references to its name, recommendations, opinions and/or letters in the form and context in which they respectively appear.

9. ADDITIONAL DISCLOSURE OF INTERESTS AND DEALINGS IN SECURITIES

(a) As at the Latest Practicable Date, the Company did not have any interest in the securities, options, warrants, convertible securities or derivatives of the Offeror and had not dealt for value in the securities, options, warrants, convertible securities or derivatives of the Offeror during the Relevant Period.

(b) As at the Latest Practicable Date, the Directors did not have any interest in the securities, options, warrants, convertible securities or derivatives of the Offeror and had not dealt for value in the securities, options, warrants, convertible securities or derivatives of the Offeror during the Relevant Period.

(c) As at the Latest Practicable Date, save for the interests of the Directors as disclosed in the section headed "Disclosure of Interests" above, none of the Directors had any interest in any Shares, options, warrants, convertible securities or derivatives of the Company, and none of the Directors had dealt for value in any Shares, options, warrants, convertible securities or derivatives of the Company during the Relevant Period.

(d) As at the Latest Practicable Date, no Shares, options, warrants, convertible securities or derivatives of the Company was owned or controlled by a subsidiary of the Company or by a pension fund (if any) of any member of the Group or by an adviser to the Company as specified in class (2) of the definition of "associate" under the Takeovers Code (but excluding the exempt principal traders) or by the Independent Financial Adviser, and no such person had dealt for value in any Shares, options, warrants, convertible securities or derivatives of the Company during the Offer Period and ending with the Latest Practicable Date.

(e) As at the Latest Practicable Date, no person had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Company or with any person who is an associate of the Company by virtue of classes (1), (2), (3) and (4) of the definition of "associate" under the Takeovers Code, and no such person had dealt for value in any Shares, options, warrants, convertible securities or derivatives of the Company during the Relevant Period.

(f) As at the Latest Practicable Date, no Shares, options, warrants, convertible securities or derivatives of the Company were managed on a discretionary basis by any fund managers (other than exempt fund managers) connected with the Company, and no such person had dealt for value in any Shares, options, warrants, convertible securities or derivatives of the Company during the Relevant Period.

(g) As at the Latest Practicable Date, Sir Gordon Ying Sheung WU, Mr. Eddie Ping Chang HO, Mr. Thomas Jefferson WU and Mr. Alan Chi Hung CHAN, all being Directors who had interest in Shares, had indicated their intention to accept the Offer but would monitor the market price of the Shares during the Offer Period before deciding whether to accept or reject the Offer.

(h) As at the Latest Practicable Date, none of the Company nor any of its Directors has borrowed or lent any Shares, options, warrants, convertible securities or derivatives of the Company during the Relevant Period.

(i) As at the Latest Practicable Date, there was no arrangement of the kind referred to in the third paragraph of Note 8 to Rule 22 of the Takeovers Code which existed between the Company, or any person who is an associate of the Company by virtue of classes (1), (2), (3) or (4) of the definition of "associate" under the Takeovers Code, and any other person.

10. MISCELLANEOUS

(a) The registered office of the Company is at P.O. Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands and the principal place of business of the Company in Hong Kong is at Room 63–02, 63rd Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong.

(b) The principal share registrar and transfer office of the Company is Maples Fund Services (Cayman) Limited at P.O. Box 1093, Boundary Hall, Cricket Square, Grand Cayman, the Hong Kong share registrar and transfer office of the Company is Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong.

(c) The secretary of the Company is Ms. Ching Fan KOO. Ms. KOO is an associate member of both The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators in England and a fellow member of The Association of Chartered Certified Accountants. She has over 20 years of experience in company secretarial work.

(d) The registered office of the Independent Financial Adviser is at 20/F, China Building, 29 Queen's Road Central, Hong Kong.

(e) The registered office of Deloitte Touche Tohmatsu, the auditor of the Company, is at 35/F, One Pacific Place, 88 Queensway, Hong Kong.

11. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection (i) during normal business hours from 9:00 a.m. to 6:00 p.m. on any weekday (except for Saturdays, Sundays and public holidays) at the principal place of business of the Company in Hong Kong at Room 63–02, 63rd Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong; (ii) on the website of the Company (www.hopewellhighway.com); and (iii) on the website of the SFC (www.sfc.hk), from the date of this Composite Document up to and including the Closing Date:

(a) the memorandum and articles of association of the Company;

(b) the annual reports of the Company for each of the two years ended 30 June 2016 and 2017;

(c) the unaudited interim results announcement of the Company dated 13 February 2018 for the six months ended 31 December 2017;

(d) interim report of the Company for the six months ended 31 December 2017;

(e) the letter from the Board dated 11 April 2018, the text of which is set out on pages 19 to 23 of this Composite Document;

(f) the letter from the Independent Board Committee dated 11 April 2018, the text of which is set out on pages 24 to 25 of this Composite Document;

(g) the letter from the Independent Financial Adviser dated 11 April 2018, the text of which is set out on pages 26 to 51 of this Composite Document;

(h) the written consent from Somerley referred to in the section headed "Qualification and Consent of Expert" in this appendix; and

(i) this Composite Document.